HEALTH AND FAMILY SERVICES

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$3,562,108,800	$3,883,837,900	$3,835,503,600	$3,892,592,600	$3,876,701,500	$314,592,700	8.8%
FED	4,648,607,400	5,462,307,300	5,356,137,300	5,364,408,800	5,343,846,800	695,239,400	15.0
PR	799,972,600	721,696,300	709,182,400	716,395,200	715,710,200	- 84,262,400	- 10.5
SEG	101,659,600	351,126,000	608,969,300	608,969,300	608,823,800	507,164,200	498.9
TOTAL	$9,112,348,400	$10,418,967,500	$10,509,792,600	$10,582,365,900	$10,545,082,300	$1,432,733,900	15.7%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	2,318.06	2,324.52	2,312.12	2,310.54	2,310.54	- 7.52
FED	1,027.72	980.84	979.54	980.54	979.54	- 48.18
PR	3,425.89	3,375.59	3,382.48	3,385.06	3,383.06	- 42.83
SEG	8.00	8.00	8.00	8.00	8.00	0.00
TOTAL	6,779.67	6,688.95	6,682.14	6,684.14	6,681.14	- 98.53

Budget Change Items

Departmentwide and Management and Technology

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	$23,172,000	- 6.03
FED	- 15,918,700	- 33.80
PR	1,419,600	- 2.21
SEG	73,200	- 1.00
Total	$8,746,100	- 43.04

Governor/Legislature: Provide $11,618,500 GPR and -6.03 GPR positions, -$7,741,500 FED and -30.80 FED positions, $730,500 PR and -2.21 PR positions and $36,600 SEG and -1.0 SEG position in 2001-02 and $11,553,500 GPR and -6.03 GPR positions, -$8,177,200 FED and -33.80 FED positions, $689,100 PR and -2.21 PR positions and $36,600 SEG and -1.0 SEG position in 2002-03 to adjust the Department's base budget for: (a) turnover reduction (-$2,271,100 GPR, -$890,100 FED and -$2,775,200 PR annually); (b) removal

of noncontinuing items (-$6,359,200 GPR and -6.03 GPR positions, -$10,165,600 FED and -30.80 FED positions, -$3,478,800 PR and -2.21 PR positions and -$41,500 SEG and -1.0 SEG position in 2001-02 and -$6,439,400 GPR and -6.03 GPR positions, -$10,601,300 FED and -33.80 FED positions, -$3,520,200 PR and -2.21 PR positions and -$41,500 SEG and -1.00 SEG position in 2002-03; (c) full funding of salaries and fringe benefits ($16,846,700 GPR, $3,203,800 FED, $1,073,900 PR and $78,100 SEG annually); (d) ongoing funding approved by the Joint Committee on Finance after June 30, 2000 ($2,600 GPR and $5,200 PR annually); (e) increased rates charged by DOA for voice and data communications ($46,500 GPR, $4,400 FED and $4,200 PR annually); (f) overtime ($2,154,200 GPR and $3,374,700 PR in 2001-02 and $2,169,400 GPR and $3,374,700 PR in 2002-03); (g) night and weekend salary differentials ($1,147,000 GPR, $68,000 FED and $2,476,700 PR annually); and (h) fifth week of vacation as cash for certain long-term employees ($51,800 GPR, $38,000 FED and $49,800 PR annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- $16,071,000

Governor: Reduce the Department's largest GPR state operations appropriation by $8,035,500 in each year. The total reduction amount was derived by making a reduction of 5% to its GPR base for state operations, less debt service and utility costs ($160,709,700 GPR). Include session law language permitting DHFS to submit an alternative plan to the Secretary of Administration, within 90 days of the bill's general effective date, for allocating the required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the DOA Secretary does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance/Legislature: Modify the Governor's recommendation to provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

3. PROGRAM REVENUE LAPSES [LFB Paper 460]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Lapse	$2,942,500	- $18,800	$2,923,700

Governor: Lapse program revenue totaling $2,742,500 in 2001-02 and $200,000 in 2002-03 to the general fund. The Governor recommends lapsing the following amounts, derived from the fees indicated, on the last day of the indicated fiscal year: (a) fees paid by persons seeking information on birth parents and fees paid for DHFS review, certification and approval of

documents used for the adoption of foreign children ($94,300 in 2001-02); (b) surcharges paid by persons convicted of substance abuse offenses ($648,200 in 2001-02); (c) surcharges paid by persons convicted of operating while intoxicated offenses ($1,000,000 in 2001-02); and (d) fees paid for health facility licensing, inspections and other regulatory activities ($1,000,000 in 2001-02 and $200,000 in 2002-03).

Joint Finance/Legislature: Modify the provision by: (a) reducing the required lapse from health facility review fee revenues by $168,800 in 2001-02 and deleting the required lapse of $200,000 in 2002-03; (b) increasing the required lapse from the drug abuse program improvement surcharge by lapsing an additional $125,000 in 2001-02 and $125,000 in 2002-03; and (c) lapsing $100,000 in 2001-02 from moneys budgeted for the WisconCare program to the general fund.

[Act 16 Section: 9223(1),(2),(3),(4)&(5q)]

4. DEBT SERVICE REESTIMATE [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$4,194,100	- $750,100	$3,444,000

Governor: Provide $2,065,100 in 2001-02 and $2,129,000 in 2002-03 to reflect anticipated changes in debt service costs associated with facilities operated by the Division of Care and Treatment Facilities ($2,042,400 in 2001-02 and $2,112,500 in 2002-03) and the workshop for the blind ($22,700 in 2001-02 and $16,500 in 2002-03).

Joint Finance/Legislature: Reduce funding by $365,700 in 2001-02 and $384,400 in 2002-03 to reflect reestimates of debt service costs in the 2001-03 biennium.

5. HIPAA COMPLIANCE

	Funding	Positions
GPR	$1,130,400	0.55
FED	2,084,300	0.45
PR	3,345,200	0.00
SEG	1,060,900	0.00
Total	$7,620,800	1.00

Governor: Provide $3,945,800 ($523,800 GPR, $817,800 FED, $1,994,600 PR and $609,600 SEG) in 2001-02 and $3,675,000 ($606,600 GPR, $1,266,500 FED, $1,350,600 PR and $451,300 SEG) in 2002-03 and 1.0 position (0.55 GPR and 0.45 FED position), beginning in 2001-02, to partially fund projected costs for DHFS to comply with new federal requirements regarding privacy, security and administrative simplification standards for health care information.

The federal Health Insurance Portability and Accountability Act (HIPAA) of 1996 contains provisions designed to reduce the costs and administrative burden of health care by making it possible to transmit standardized, electronic administrative and financial transactions that are currently transmitted manually on paper. HIPAA requires that all health plans, health care

clearinghouses and health care providers, including state-administered programs, comply with standards established in rules promulgated by the U.S. Department of Health and Human Services.

The bill would provide funding to modify the following information systems: (a) Medicaid management information system (MMIS) and Medicaid evaluation and decision support (MEDS) system; (b) Bureau of Health Information systems; (c) facility licensing and certification information system; (d) human services reporting system (HSRS); (e) Division of Care and Treatment Facilities systems; (f) health insurance risk-sharing plan (HIRSP) systems; and (g) chronic disease program systems. In addition, the bill would provide 1.0 position that would oversee implementation of the federal privacy regulations. The administration indicates that it expects DHFS to contract for positions that would oversee other aspects of the project.

Joint Finance/Legislature: Transfer $133,400 GPR in 2001-02 and $306,300 GPR in 2002-03 from the Division of Health Care Financing general programs operations appropriation to the medical assistance administration appropriation to reflect the Governor's intent.

6. SOCIAL SERVICES BLOCK GRANT OPERATIONS

	Funding	Positions
GPR	- $13,200	0.00
FED	- 813,200	- 5.30
PR	290,000	4.30
Total	- $536,400	- 1.00

Governor/Legislature: Delete $295,200 ($100 GPR, -$342,600 FED and $47,300 PR) in 2001-02 and delete $241,200 (-$13,300 GPR, -$470,600 FED and $242,700 PR) in 2002-03. In 2001-02, delete 1.5 FED positions and create 0.5 PR position and, in 2002-03, delete an additional 3.8 FED positions and provide an additional 3.8 PR positions so that the 2002-03 net change to base would be an increase of 4.3 PR positions and a reduction of 5.3 FED positions.

These funding and position changes would transfer support for DHFS operations from the federal social services block grant to other funding sources to reflect reductions in the SSBG block grant and to distribute these funding reductions among all DHFS programs. To accomplish this, the bill would provide additional PR authority for administrative services provided to DHFS programs on a charge-back basis and transfer GPR that is currently budgeted to support these administrative services to program operations currently supported by the SSBG.

7. EXTEND AND CONVERT PROJECT POSITIONS

	Funding	Positions
FED	$31,200	1.00
PR	31,000	0.00
SEG	83,000	1.00
Total	$145,200	2.00

Governor/Legislature: Provide $72,500 ($31,000 PR and $41,500 SEG) in 2001-02 and $72,700 ($31,200 FED and $41,500 SEG) in 2002-03 to extend project positions or convert them to permanent positions.

Health Insurance Risk-Sharing Plan. Provide $41,500 SEG annually to convert 1.0 contract specialist position that will terminate on June 30, 2001, to permanent status, beginning in 2001-02. This position provides oversight for contracts between HIRSP and the plan administrator.

Pathways to Independence. Provide $31,200 FED and 1.0 FED position in 2002-03 to convert 1.0 FED planning and analysis administrator project position that will terminate on February 8, 2003, to permanent status, beginning in 2002-03. This position serves as the program manager for a program that is intended to reduce barriers to employment by persons with disabilities.

Time and Task Reporting. Provide $31,000 PR in 2001-02 to extend 1.0 PR accountant project position that will terminate on October 30, 2001, to June 30, 2002. This position would continue to help DHFS meet federal time reporting requirements and to implement a new system by which DHFS staff record time they spend on various activities.

8. FUNDING AND POSITION ADJUSTMENTS

	Funding	Positions
GPR	- $92,800	- 1.80
FED	119,600	2.18
PR	- 35,200	0.06
Total	- $8,400	0.44

Governor/Legislature: Delete $4,200 (-$46,400 GPR, $59,800 FED and -$17,600 PR) annually and provide 0.44 position (-1.80 GPR positions, 2.18 FED positions and 0.06 PR position), beginning in 2001-02, to: (a) correct funding and position transfers enacted as part of 1999 Wisconsin Act 9; (b) transfer funding and positions between DHFS appropriations to more accurately reflect the purposes for which funding is expended and the functions of these positions; and (c) transfer funding within appropriations to the appropriate budget category.

9. FEDERAL REVENUE REESTIMATES

FED	$4,951,900

Governor/Legislature: Provide $1,828,200 in 2001-02 and $3,123,700 in 2002-03 to reflect reestimates of the amount of federal funding that will be available to support selected DHFS programs in the 2001-03 biennium. The most significant items include: (a) increase funding for aids distributed by the Division of Supportive Living ($672,600 in 2001-02 and $2,076,000 in 2002-03); (b) increased funding for aids supported by the federal community health block grant ($690,100 annually); (c) increased funding for federal project operations in the Division of Children and Family Services ($651,600 in 2001-02 and $652,600 in 2002-03); (d) reduced funding from adoption incentive payments (-$293,300 in 2001-02 and -$80,600 in 2002-03); and (e) funding changes from indirect cost reimbursements to support management and technology activities (-$300 in 2001-02 and -$336,900 in 2002-03).

10. PROGRAM REVENUE REESTIMATES

PR	- $576,500

Governor/Legislature: Delete $537,800 in 2001-02 and $38,700 in 2002-03 to reflect reestimates of program revenue that will be available to fund certain programs administered by DHFS, including funds transferred within the agency. The most significant items include: (a) reduced funding transferred from other agencies and within DHFS to support Division of Children and Family Services local assistance programs (-$1,090,000 annually); (b) increased funding for DHFS information systems ($790,100 in 2001-02 and $1,183,500 in 2002-03); (c) reduced funding transferred from the medical assistance benefits appropriation to the Division of Supportive Living to support services for emotionally disturbed children (-$521,000 annually); (d) reduced funding for general administration gifts and grants (-$248,200 in 2001-02 and -$221,900 in 2002-03); (e) increased funding for caregiver background checks ($200,000 annually); and (f) increased funding for personnel functions ($134,700 annually).

11. RENT AND RENT DEBT SERVICE

FED	$832,300
PR	872,100
SEG	2,500
Total	$1,706,900

Governor/Legislature: Provide $840,000 ($408,100 FED, $430,800 PR and $1,100 SEG) in 2001-02 and $866,900 ($424,200 FED, $441,300 PR and $1,400 SEG) in 2002-03 to reflect projected increases in the cost of space rental for state-owned space, increases in rental rates of leased space and for the debt service portion of space rental costs not reimbursed by the federal government.

12. RISK MANAGEMENT

Governor/Legislature: Transfer a total of $226,800 GPR annually from DHFS divisions other than the Division of Care and Treatment Facilities to the Department's general administration appropriation to consolidate funding budgeted for risk management.

13. REQUIRED REPORTS AND PLANS [LFB Paper 461]

Governor: Permit, rather than require, DHFS to develop annual plans and reports that: (a) document areas of hunger and populations experiencing hunger in the state, and that recommends strategies and state and federal policy changes to address hunger in these areas and populations; (b) report on funds expended for primary health services and mental health services to homeless individuals; (c) report on DHFS activities relating to the treatment of alcoholism; and (d) report on the Department's progress toward implementing early intervention services (the birth-to-three program).

Permit, rather than require, DHFS to develop a five-year state developmental disabilities service plan and to update the plan biennially. Delete the requirement that the plan and updates be submitted to the Governor, the standing committees of the Legislature that have jurisdiction over developmental disabilities issues and the Joint Committee on Finance.

Permit, rather than require, the Council on Physical Disabilities to submit an annual report to the Legislature that provides recommendations concerning funding, programs, policies and operations of certain agencies, councils and boards relating to persons with physical disabilities.

Permit, rather than require, the Council on Mental Health to submit annual reports to DHFS, the Legislature and the Governor on recommended policy changes in the area of mental health.

Permit, rather than require, DHFS to annually determine the statewide medical assistance daily cost of nursing home care and submit the determination to DOA. Delete the requirement that DOA approve the determination before DHFS makes MA payments to counties to support care for certain MA recipients who live in certified residential care apartment complexes.

Joint Finance/Legislature: Delete the provisions that relate to the report on hunger, the birth-to-three program, the alcoholism/substance abuse treatment report and the provisions relating to the MA daily cost of nursing home care. Consequently, DHFS would continue to be required to produce these reports.

In addition, delete all statutory references to all of the other reports under this item, rather than provide DHFS, the Council on Mental Health and the Council on Physical Disabilities permissive authority to produce these reports, as recommended by the Governor.

[Act 16 Sections: 1553b, 1574b, 1955b, 1973, 1974m and 1981b]

14. OFFICE OF FEDERAL-STATE RELATIONS [LFB Paper 135]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR	- $242,600	$242,600	$0

Joint Finance: Reduce funding by $121,300 annually to delete base funding for salary, fringe benefits and related supplies and services costs for 1.0 classified position that is assigned to the Office of Federal-State Relations in Washington, D.C. Retain the position authority in DHFS for this function.

Conference Committee/Legislature: Delete provision.

15. FEDERAL INDIRECT FUNDS [LFB Paper 510]

FED	- $1,107,900

Joint Finance/Legislature: Reduce funding by $722,600 in 2001-02 and $385,300 in 2002-03 to address a projected deficit in the DHFS federal indirect appropriation.

16. INCOME AUGMENTATION REVENUE [LFB Paper 462]

	Jt. Finance (Chg. to Base)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-Lapse	$3,816,300		$2,933,700		$6,750,000	
FED	$2,933,700	0.00	- $2,840,200	1.00	$93,500	1.00

Joint Finance: Provide $2,933,700 FED in 2001-02 in income augmentation revenue to fund costs associated with transferring cases of children in out-of-home care in Milwaukee County to private vendors, in the event that the contract between the Milwaukee County Department of Human Services and the DHFS Bureau of Milwaukee Child Welfare is not renewed, effective January 1, 2001. Prohibit DOA from releasing these funds from unallotted reserve unless the release is approved by the Joint Committee on Finance under a 14-day passive approval process. Any funds not released from unallotted reserve under this process would lapse to the general fund.

Require DHFS to lapse $3,816,300 in income augmentation revenue by June 30, 2003, and delete the provision in current law that authorizes DHFS to propose the use of income augmentation revenue for purposes other than operational costs exclusively related to augmenting federal income.

Under s. 46.46 of the statutes, if DHFS proposes to use income augmentation revenue for any purpose other than to support costs that are exclusively related to augmenting federal income, then DHFS is required to submit a proposed plan for the use of these remaining funds to DOA. If DOA approves the plan, the DOA Secretary must submit it to the Joint Committee on Finance under a 14-day passive approval process.

In May, 2001, DHFS notified Milwaukee County that it would not renew its 2001 contract with the county to provide services to children in out-of-home care in Milwaukee County. On June 1, 2001, DHFS began contracting with private vendors to serve new children in out-of-home care that would have been served by Milwaukee County. Existing cases will be transitioned from Milwaukee County to private vendors beginning in August, 2001.

Income augmentation revenues are unanticipated federal funds DHFS receives under Titles IV-E (foster care), XVIII (Medicare) and XIX (MA) of the federal Social Security Act as reimbursement for costs that were initially paid with state or local revenue, or revenue from one of these sources that would not otherwise have been available, had it not been for activities conducted to augment federal income.

Assembly: Delete the Joint Finance provision. Instead, require the DOA Secretary to lapse a total of $6.75 million in income augmentation funds, rather than $3,816,300 as recommended by Joint Finance, to the general fund no later than June 30, 2003.

In addition, specify that in the 2001-03 biennium, income augmentation funds would be allocated for DHFS costs associated with transitioning cases of children in out-of-home care

from Milwaukee County to private vendors after: (a) supporting operational costs exclusively related to income augmentation activities; (b) supporting the counties' share of the costs to implement Wisconsin's state automated child welfare information system (WISACWIS) as authorized in the amendment; (c) the $6.75 million lapse required under this provision; and (d) the lapse required under the WISACWIS provision summarized under "Health and Family Services -- Children and Family Services." Specify that DHFS could propose to use up to $2,933,700 of the funds allocated for DHFS transitional costs and prohibit the use of the funds for this purpose unless the DOA Secretary and Joint Finance approve the DHFS proposal under a 14-day passive review process. Specify that any additional funds received in the 2001-03 biennium and not used for these transitional costs would lapse to the general fund no later than June 30, 2003.

Finally, delete the current provision in s. 46.46 of the statutes that authorizes DHFS to propose the use of income augmentation revenue for purposes other than to support costs exclusively relating to augmenting federal income. Instead, specify that, beginning July 1, 2003, any income augmentation revenue not used to support costs exclusively related to supporting income augmentation activities would be credited to the general fund as unappropriated receipts.

Senate: Provide $43,800 in 2001-02 and $49,700 in 2002-03 and 1.0 position, beginning October 1, 2001, for DHFS to conduct activities to secure income augmentation revenues. Additionally, prohibit DHFS from contracting with any vendor to secure income augmentation revenue. Specify that this provision would first apply on the bill's general effective date, but would not affect any contract to perform income augmentation activities entered into before the bill's effective date.

DHFS currently contracts with MAXIMUS, Inc. to conduct activities to identify income augmentation revenue. Under the terms of the contract with MAXIMUS, MAXIMUS is entitled to 10% of all income augmentation revenues received by the state as payment for its services. The current contract with MAXIMUS expires October 30, 2002.

Conference Committee/Legislature: Adopt both the Assembly and Senate provisions.

Veto by Governor [C-40]: Delete the Assembly provision that would have deleted the provision under s. 46.46 of the statutes, authorizing DHFS to propose to use income augmentation funds for purposes other than to support costs exclusively related to income augmentation activities. Additionally, delete the Senate provision that would have authorized 1.0 FED position, beginning October 1, 2001 and the provision that would prohibit DHFS from contracting with any vendor to secure income augmentation revenue and the associated initial applicability provision.

In his veto message, the Governor indicated that he is requesting the DOA Secretary not to authorize the 1.0 FED position created in the enrolled bill and not allot the $43,800 FED in 2001-02 and $49,700 FED in 2002-03 that would fund the position. As a result, these federal

funds are available for use similar to other income augmentation revenue and DHFS remains authorized to contract with any vendor to secure additional federal revenue.

Summary of Act 16 Provisions. In summary, under s. 46.46 of the statutes, DHFS retains the authority to propose the use of income augmentation funds for purposes other than to support costs exclusively related to augmenting federal revenue and that implementation of such a proposal is subject to approval by DOA and Joint Finance under a 14-day passive review process. Additionally, DHFS retains its authority to contract with private vendors to secure income augmentation revenue.

Act 16 specifies that no later than June 30, 2003, the DOA Secretary is required to lapse $6.75 million from the income augmentation appropriation to the general fund. In addition, the DOA Secretary is required to lapse $3,008,300 in 2001-02 and $3,328,500 in 2002-03 from the income augmentation appropriation to the general fund, as identified under the WISACWIS provision summarized under "Health and Family Services -- Children and Family Services."

Additionally, Act 16 specifies that, in the 2001-03 biennium, any income augmentation funds are allocated for DHFS costs associated with transitioning cases of children in out-of-home care from Milwaukee County to private vendors after income augmentation funds have been used to: (a) support operational costs exclusively related to augmenting federal revenue; (b) support costs approved by the DOA Secretary and Joint Finance under the process authorized in s. 46.46 of the statutes, including supporting the counties' share of implementing WISACWIS; and (c) meet the lapse requirements identified above.

Act 16 specifies that of the funds allocated for DHFS transitional costs, DHFS can propose to encumber or expend no more than $2,933,700 to support such transitional costs. DHFS cannot implement the plan unless approved by the DOA Secretary and Joint Finance under a 14-day passive review process. No later than June 30, 2003, the DOA Secretary is required to lapse to the general fund any funds allocated for DHFS transitional costs but not encumbered or expended.

Finally, Act 16 specifies that, beginning July 1, 2003, any income augmentation funds not used to support costs exclusively related to augmenting federal income or approved for use by the DOA Secretary and the Joint Committee on Finance under s. 46.46 of the statutes, are credited to the general fund as unappropriated receipts.

[Act 16 Sections: 732q, 732r, 9123(8z), 9223(4z)(a)&(b) and 9423(16g)&(16zo)]

[Act 16 Vetoed Sections: 732q, 1557jd, 1557k, 9123(9bk) and 9323(16k)]

17. TRIBAL GAMING REVENUE [LFB Paper 167]

Governor: Specify that the unencumbered balances in DHFS PR appropriations for the tribal medical relief block grant, the cooperative American Indian health projects, compulsive

gambling awareness campaigns, Indian aids, Indian drug abuse prevention and education and elderly nutrition programs, on June 30 of each year would revert back to the DOA appropriation for tribal gaming revenue. Currently, tribal gaming revenue is budgeted in these appropriations and any unencumbered funds accumulate in the appropriation unless expenditure authority is provided by the Legislature for these funds.

Joint Finance: Adopt the Governor's recommendations. In addition, create a new biennial PR appropriation for MA-funded outreach for tribal members and for MA reimbursement of services provided by tribal, federally-qualified health centers and specify that the unencumbered balance on June 30, of each odd-numbered year would revert to the DOA appropriation for tribal gaming revenue. Currently, $1,070,000 in tribal gaming revenue is budgeted annually for these purposes in the Division of Health Care Financing's interagency and intra-agency aids appropriation.

Also, specify that the unencumbered balances available immediately preceding the bill's general effective date, in the appropriations for medical relief block grant, cooperative American Indian health projects, compulsive gambling awareness campaigns, Indian aids, Indian drug abuse prevention and education and elderly nutrition programs would be transferred to the DOA tribal gaming revenue appropriation on the bill's general effective date. Additionally, from the Division of Health Care Financing's interagency and intra-agency aids appropriation, transfer $18,300 to the DOA tribal gaming revenue appropriation.

Conference Committee/Legislature: Adopt the Joint Finance provision. In addition, transfer $1,070,000 of tribal gaming revenue from the interagency and intra-agency aids appropriation to the new appropriation created under the Joint Finance provision and delete provisions in the interagency and intra-agency aids appropriation to reflect that no tribal gaming revenue would be budgeted in that appropriation.

[Act 16 Sections: 713, 713g, 713hk, 721, 729, 730, 731 and 9223(5mk)]

18. FOOD STAMP ADMINISTRATION TRANSFER FROM DWD

Joint Finance/Legislature: Transfer administrative responsibilities of the federal food stamp program from DWD to DHFS effective July 1, 2002. This provision is described under "Workforce Development -- Economic Support and Child Care."

Medical Assistance

1. OVERVIEW OF MEDICAL ASSISTANCE BENEFITS

Governor: Increase total MA benefits funding by $429,833,300 ($75,534,700 GPR, $273,595,100 FED and $80,703,500 SEG) in 2001-02 and $588,394,000 ($108,437,300 GPR, $371,066,600 FED and $108,890,100 SEG) in 2002-03 to support the estimated costs of MA benefits in the 2001-03 biennium. This funding would support the administration's estimates of the cost to continue the program under current law (the MA base reestimate) and program changes recommended in the bill. These amounts include funding to provide services for Family Care enrollees who are eligible for MA, but do not include funding to support services for: (a) Family Care enrollees that are not eligible for MA; and (b) BadgerCare enrollees.

The GPR increase is entirely attributable to the MA base reestimate item ($79.9 million in 2001-02 and $113.6 million in 2002-03). The net effect of all of the Governor's recommended program changes would reduce GPR funding by $4.4 million in 2001-02 and $5.2 million in 2002-03. This reduction is primarily due to the Governor's proposal to reduce reimbursement rates to pharmacies (-$4.8 million in 2001-02 and -$7.3 million in 2002-03).

The bill provides several rate increases for providers that are funded by SEG funding generated from anticipated increases in federal matching funds related to nursing home intergovernmental transfers and placed in a MA trust fund. These SEG funds would serve as the state match for MA rate increases for: (a) nursing homes ($62.7 million in 2001-02 and $80.5 million in 2002-03); (b) noninstitutional services ($8.5 million in 2001-02 and $18.2 million in 2002-03); (c) hospital services ($9.5 million in 2001-02 and $10.1 million in 2002-03); and (d) hearing aids ($0.1 million in 2002-03).

In total, the bill would provide $3,289,470,400 ($1,071,574,400 GPR, $2,137,192,500 FED and $80,703,500 SEG) in 2001-02 and $3,448,031,100 ($1,104,477,000 GPR, $2,234,664,000 FED and $108,890,100 SEG) in 2002-03 to support MA benefits in the 2001-03 biennium, including benefits that would be provided to MA-eligible Family Care enrollees.

Joint Finance: Increase funding in the bill by $11,120,800 ($35,319,200 GPR, -$98,704,900 FED and $74,506,500 SEG) in 2001-02 and $60,357,100 (-$77,396,500 GPR, -$50,296,800 FED and $188,050,400 SEG) in 2002-03 to reflect the net effect of all changes the Joint Committee on Finance made to the Governor's bill.

Senate: Increase MA benefits funding that would be provided in the substitute amendment by $8,334,400 ($2,154,300 GPR and $6,180,100 FED) in 2001-02 and by $33,031,200 ($12,418,300 GPR and $20,612,900 FED) in 2002-03 to reflect the net effect of all changes the Senate made to the substitute amendment.

Assembly: Increase MA benefits funding that would be provided in the substitute amendment by $5,723,900 (-$27,638,900 GPR, $3,362,800 FED and $30,000,000 SEG from the utility public benefits fund) in 2001-02 and by $46,802,400 (-$10,807,600 GPR, $27,610,000 FED and $30,000,000 SEG from the utility public benefits fund) in 2002-03 to reflect the net effect of all changes the Assembly made to the substitute amendment.

Conference Committee/Legislature: Increase MA benefits funding that would be provided in the substitute amendment by $7,418,900 ($1,791,300 GPR and $5,627,600 FED) in 2001-02 and by $10,382,200 ($4,258,100 GPR and $6,124,100 FED) in 2002-03 to reflect the net effect of all changes the Conference Committee and Legislature made to the substitute amendment.

Veto by Governor [C-3, C-8, C-10, C-13, C-26 and C-29]: Reduce MA benefits funding that would be provided in Enrolled SB 55 by $4,594,600 ($1,989,000 GPR, $71,000 SEG and $2,534,600 FED) in 2001-02 and by $23,857,500 ($7,065,100 GPR, $74,500 SEG and $16,717,900 FED) in 2002-03 to reflect the net effect of the Governor's partial vetoes on MA benefits funding.

In total, Act 16 provides $3,303,415,500 ($1,106,695,900 GPR, $155,139,000 SEG and $2,041,580,600 FED) in 2001-02 and $3,494,912,900 ($1,024,273,500 GPR, $296,866,000 SEG and $2,173,773,400 FED) in 2002-03 to fund MA benefit costs in the 2001-03 biennium, including benefits that would be provided to MA-eligible Family Care enrollees.

The following table summarizes all of the changes to MA benefits base funding in Act 16.

Summary of MA Benefits Funding
Act 16

	2001-02				2002-03			
	GPR	FED	SEG	Total	GPR	FED	SEG	Total
Adjusted Base	**$996,039,700**	**$1,863,597,400**	**$0**	**$2,859,637,100**	**$996,039,700**	**$1,863,597,400**	**$0**	**$2,859,637,100**
Standard Budget Adjustment -- Governor's Act 9 Vetoes	-2,277,500	-2,811,900	0	-5,089,400	-2,277,500	-2,811,900	0	-5,089,400
Base Reestimate	111,611,000	81,743,400	91,873,600	285,228,000	131,340,400	177,724,400	102,345,700	411,410,500
Subtotal -- MA Costs Under Current Law	**$1,105,373,200**	**$1,942,528,900**	**$91,873,600**	**$3,139,775,700**	**$1,125,102,600**	**$2,038,509,900**	**$102,345,700**	**$3,265,958,200**
MA Program Changes								
Nursing Home Reimbursement	$0	$75,304,800	$52,873,600	$128,178,400	-$108,706,700	$99,468,500	$179,038,400	$169,800,200
MA Rates for Noninstitutional Services	0	5,559,500	3,903,500	9,463,000	0	11,480,500	8,397,500	19,878,000
MA Hospital Payments	0	9,241,000	6,488,300	15,729,300	0	9,660,800	6,852,600	16,513,400
MA Hospital Payment -- Milwaukee General Assistance	0	3,076,400	0	3,076,400	0	3,045,100	0	3,045,100
MA Rates for Prescription Drugs	-1,791,300	-2,551,200	0	-4,342,500	-2,023,700	-2,853,000	0	-4,876,700
Eliminate the MA Asset Limit	351,200	500,200	0	851,400	384,800	544,000	0	928,800
Eligibility for Women Diagnosed with Cancer	77,200	193,600	0	270,800	300,100	752,900	0	1,053,000
MA State Centers/Veterans Home Adjustments	189,700	554,100	0	743,800	298,500	797,000	0	1,095,500
Managed Care for Disabled Adults	-103,800	-146,200	0	-250,000	-271,400	-378,600	0	-650,000
MA Rates for Hearing Aid Instruments and Services	0	0	0	0	0	326,800	231,800	558,600
CIP IB and CIP II Placements	2,362,900	3,365,400	0	5,728,300	4,746,500	6,710,100	0	11,456,600
Provider Fraud and Abuse	0	0	0	0	-86,600	-120,900	0	-207,500
Medically Needy Income Limit	0	0	0	0	500,800	0	0	500,800
Subtotal	$1,085,900	$95,097,600	$63,265,400	$159,448,900	-$104,857,700	$129,433,200	$194,520,300	$219,095,800
Changes to Other Programs								
Enhanced Reimbursements for Birth-to-Three	$313,700	$446,800	$0	$760,500	$627,300	$884,400	$0	$1,511,700
COP-W, CIP II and CIP IB	- 76,900	3,507,300	0	3,430,400	- 1,464,700	4,946,000	0	3,481,300
PACE/Partnership Adjustment	0	0	0	0	2,074,900	0	0	2,074,900
Family Care	0	0	0	0	2,791,100	- 100	0	2,791,000
Subtotal	$236,800	$3,954,100	$0	$4,190,900	$4,028,600	$5,830,300	$0	$9,858,900
Grand Total -- Total Gross MA Benefits	**$1,106,695,900**	**$2,041,580,600**	**$155,139,000**	**$3,303,415,500**	**$1,024,273,500**	**$2,173,773,400**	**$296,866,000**	**$3,494,912,900**
Total Gross MA Benefits, Change to Base	**$110,656,200**	**$177,983,200**	**$155,139,000**	**$443,778,400**	**$28,233,800**	**$310,176,000**	**$296,866,000**	**$635,275,800**
Lapse (Medically Needy Income Limit)	$0	$0	$0	$0	- $500,800	$0	$0	- $500,800
Net MA Benefits	**$1,106,695,900**	**$2,041,580,600**	**$155,139,000**	**$3,303,415,500**	**$1,023,772,700**	**$2,173,773,400**	**$296,866,000**	**$3,494,412,100**

2. MA BASE REESTIMATE [LFB Paper 465]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$193,548,400	$49,403,000	$242,951,400
FED	388,646,900	- 129,179,100	259,467,800
SEG	0	194,219,300	194,219,300
Total	$582,195,300	$114,443,200	$696,638,500

Governor: Provide $244,040,900 ($79,909,200 GPR and $164,131,700 FED) in 2001-02 and $338,154,400 ($113,639,200 GPR and $224,515,200 FED) in 2002-03 to reflect estimates of the amount of additional funding that will be required to support MA benefits in the 2001-03 biennium under current law. The administration's estimate uses past trends to project changes in service utilization. Utilization projections are based on projected changes in caseload and service intensity, which is a measure of the change in the average cost per MA recipient for a particular service. Service intensity may increase if recipients receive more units of a service or receive more expensive services.

The single largest factor accounting for the increase in projected MA benefits costs are drug expenditures. As part of the base reestimate, the bill increases MA funding by $61.1 million (all funds) in 2002-03 and $122.4 million (all funds) in 2002-03 to fund projected increases in drug expenditures. These amounts represent the net increase in projected drug costs, after subtracting projected increases in drug rebate revenue the state receives from manufacturers.

The base reestimate also includes $9.1 million (all funds) in 2001-02 and $20.2 million (all funds) in 2002-03 to fund increases in capitation rates to health maintenance organizations that serve the AFDC-related and Healthy Start MA populations. The bill would provide funding to support six months of a 3.0 % rate increase provided in calendar year 2001, a projected rate increase of 3.7% in 2002 and six months of a projected rate increase of 4.2% in 2003.

Although capitation payments to Family Care CMOs are projected to increase significantly, most of the increase is internally funded by transfers from the MA waiver programs and projected declines in nursing home utilization. The administration estimates that the net increase in state GPR funding under MA due to Family Care will be $1.9 million GPR in 2001-02 and $4.5 million in 2002-03.

The administration's MA base reestimate assumes that additional federal funding related to county nursing home deficits (IGT funds) will increase from $78.1 million in 2000-01 to $91.9 million in 2001-02 and $102.3 million in 2002-03. Any federal funds received through this mechanism would reduce GPR MA costs by corresponding amounts.

Joint Finance/Legislature: Modify the Governor's recommendations by providing an additional $41,187,100 ($31,701,800 GPR, -$82,388,300 FED, and $91,873,600 SEG) in 2001-02 and $73,256,100 ($17,701,200 GPR, -$46,790,800 FED and $102,345,700 SEG) in 2002-03 to reflect reestimates of the cost to continue the current MA program in the 2001-03 biennium. The

reestimate is based on the following estimated average annual caseload and projected annual changes in average per recipient costs.

Estimated Average Number of MA Enrollees
By Eligibility Category

Category	Actual 1999-00	Projected 2000-01	Projected 2001-02	Projected 2002-03	Percent Change From Previous Year 2000-01	Percent Change From Previous Year 2001-02	Percent Change From Previous Year 2002-03
Aged	45,309	43,959	42,251	40,793	-3.0%	-3.9%	-3.5%
Disabled	97,815	97,473	97,325	97,306	-0.3	-0.2	-0.0
AFDC	144,024	145,614	148,846	152,280	1.1	2.2	2.3
Other*	117,183	133,562	143,987	154,044	14.0	7.8	7.0
Total	404,331	420,608	432,409	444,423	4.0%	2.8%	2.8%

*Includes participants in home- and community-based waiver programs and the Healthy Start population.

Projected Annual Changes in Average Per Recipient Costs

Service	2001-02	2002-03
Dental	12.5%	6.1%
Durable Medical Equipment and Supplies	4.3	3.1
Drugs	15.8	12.5
Transportation -- Emergency	7.3	6.9
Family Planning	-5.0	-1.6
Home Health Services	6.5	4.8
Inpatient Hospital Services	3.3	2.9
Laboratory and X-rays	5.0	5.0
Medicare Crossovers - Part A	3.4	2.5
Medicare Crossovers - Part B	5.2	2.6
Mental Health	20.4	14.7
Transportation -- Nonemergency	-0.7	-3.7
Outpatient Hospital	3.0	4.2
Outpatient Hospital -- Psychiatric	5.8	3.0
Personal Care	6.1	5.8
Physician Services	0.1	1.9
Therapies	-1.0	-0.2
Other	9.2	9.4

Two important factors affecting MA costs are reflected in these tables. First, the previous trend of a declining caseload, from 488,244 MA eligibles in 1994-95 to 397,534 MA-eligibles in 1998-99, has ended. Total caseload had been increasing during the last 22 months and is projected to continue to increase at a rate of 2.8% per year, primarily due to projected increases in the number of individuals who will meet MA Healthy Start eligibility criteria.

The second factor contributing to increasing MA costs is spending for prescription drugs. Gross drug expenditures are projected to total $362 million in 2000-01. In the two previous fiscal years, the average cost of drugs per elderly and disabled recipient increased at an average annual rate of 23%. As indicated in the table above, the average drug costs per recipient is expected to increase by 15.8% in 2001-02 and 12.5% in 2002-03. This factor alone will increase MA costs by $57 million in 2001-02 and an additional $52 million in 2002-03.

The major factor contributing to the increase over the Governor's funding level is that the projected caseload growth is higher than under the Governor's projection, including caseload for the 2000-01 fiscal year. Almost half of the additional funding in 2001-02 is needed to support an anticipated deficit in 2000-01. Expenditures related to 2000-01 can be deferred, but additional funding is needed in 2001-03 to fund these deferred expenditures.

The funding changes reflect that MA expenditures supported by additional federal matching funds related to unreimbursed expenditures of county- and municipal-owned nursing homes (IGT revenues) would made from a segregated MA trust fund that would be created in the bill. The MA base reestimate, as recommended by the Governor, includes $91,873,600 FED in 2001-02 and $102,345,700 FED in 2002-03 of IGT revenue to offset the GPR costs of MA payments to nursing homes.

In summary, Act 16 increases MA benefits funding by $285,228,000 ($111,611,000 GPR, $81,743,400 FED and $91,873,600 SEG) in 2001-02 and by $411,410,500 ($131,340,400 GPR, $177,724,400 FED and $102,345,700 SEG) in 2002-03 to fund the projected costs of continuing the current MA program in the 2001-03 biennium. Consequently, this funding does not support provider rate increases or other funding changes resulting from changes in the program.

3. NURSING HOMES -- REIMBURSEMENT AND CREATION OF THE MEDICAL ASSISTANCE TRUST FUND [LFB Papers 466 and 467]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$0	- $108,706,700	- $108,706,700
FED	203,137,300	- 28,364,000	174,773,300
SEG	143,223,500	88,688,500	231,912,000
Total	$346,360,800	- $48,382,200	$297,978,600

Governor: Provide $152,100,100 ($89,358,800 FED and $62,741,300 SEG) in 2001-02 and $194,260,700 ($113,778,500 FED and $80,482,200 SEG) in 2002-03 to increase payments to nursing homes for services they provide to MA recipients. This funding would enable DHFS to: (a)

maintain the current supplemental payments DHFS makes to nursing homes operated by counties and other municipalities to offset a portion of their deficits ($37,100,000 annually); (b) increase these supplemental payments by $40,000,000 annually so that a total of $77,100,000 would be provided for this purpose in each year; and (c) provide rate increases for all nursing homes ($75,000,000 in 2001-02 and $117,160,700 in 2002-03). Based on the projected decreases in nursing home utilization assumed in the administration's MA base reestimate (including projected diversions due to Family Care), it is estimated that the amount of funding provided for rate increases to all nursing homes would be sufficient to increase rates by 8.7% in 2001-02 and an additional 4.9% in 2002-03. However, if nursing home utilization does not decrease as much as the administration assumes, the general rate increase would be reduced because this amount of funding would be available to support a greater number of patient days. The following table summarizes how this additional funding would be allocated under the bill.

	2001-02	2002-03
Continue Current County and Municipal Supplements	$37,100,000	$37,100,000
Increase County and Municipal Supplements	40,000,000	40,000,000
General Rate Increases	75,000,000	$117,160,700
Total	$152,100,000	$194,260,700

County and Municipal Supplemental Payments. Specify that, if the state receives less than $115,200,000 of federal matching funds based on intergovernmental transfers (IGT funds) in a state fiscal year, DHFS could distribute no more than $37,100,000 in supplemental payments to county- and municipally-owned homes in that year. For the purpose of making these supplemental payments, define "operating deficits" as they are defined under the methodology DHFS used in December, 2000, which is the definition included in the current MA state plan for nursing home reimbursement. Specify that if the state receives $115,200,000 or more of these IGT funds in a state fiscal year, DHFS could distribute up to $77,100,000 in supplemental payments in that year.

Modify statutes relating to the supplemental payments retroactively so that, for the period between July 1, 2000 and the bill's general effective date, DHFS could distribute no more than $40,100,000 in supplemental payments in each fiscal year. Under current law, DHFS may distribute up to $38,600,000 to make these payments, but only $37,100,000 is budgeted for this purpose in each year of the 2001-03 biennium.

In addition, retroactively to July 1, 2000, eliminate the provision that directs that any federal matching funds related to intergovernmental transfers that were not anticipated before enactment of the biennial budget act or other legislation affecting federal MA funds, be paid out as additional supplemental payments.

Create MA Trust Fund. Create a separate, nonlapsible trust account that would be designated as the medical assistance trust fund. Specify that all federal matching funds based on nursing home intergovernmental transfers would be placed into this trust fund, as well as any intergovernmental transfers received from local governments. The State of Wisconsin Investment Board would manage the trust fund and the fund would accumulate interest

earnings. Create a segregated, continuing appropriation, funded from the trust fund, to support MA and BadgerCare benefit and administrative costs associated with augmenting the amount of federal moneys DHFS receives from nursing home intergovernmental transfers. Modify the current FED MA benefits appropriation to authorize transfers from that appropriation to the MA trust fund. Authorize DHFS to fund current MA and BadgerCare-funded services from the new appropriation.

DHFS has recently submitted a state MA plan amendment to increase the amount of federal matching funds the state can claim based on intergovernmental transfers. If the plan is approved by the U.S. Department of Health and Human Services, Health Care Financing Administration, DHFS estimates that it would claim additional IGT funds totaling $258.7 million in 2000-01, $189.6 million in 2002-03 and $155.7 million in 2002-03. These additional funds, together with the current amount of IGT funds the state claims (approximately $118 million annually) would be deposited in the MA trust fund.

As a result of new federal MA rules, it is estimated that the amount of revenue the state will receive will decrease by approximately $173 million in 2003-04 and will continue to decrease in subsequent years so that, by October, 2008, the state will no longer receive these funds. Consequently, it is projected that annual IGT revenues will total approximately $100 million in 2003-04 and decrease to approximately $85 million in 2004-05.

In addition to funding MA nursing home costs, the bill would partially fund three other items by using the IGT funds budgeted in the SEG appropriation as the state's match for federal MA funds: (a) $19,594,200 SEG for inpatient and outpatient hospital reimbursement; (b) $26,672,300 SEG for rate increases for noninstitutional services; and (c) $103,600 SEG for a rate increase for hearing aid services. A technical correction is needed to increase SEG expenditures by $91,873,600 in 2001-02 and $102,345,700 in 2002-03 and decrease FED expenditures by corresponding amounts to reflect that all IGT funds would be deposited to the new MA trust fund. The following table summarizes the administration's estimates of anticipated revenues and expenditures that would be budgeted from these revenues under the bill, with this technical correction.

MA Trust Fund
Projected Revenues and Expenditures
Governor's Recommendations

	2000-01	2001-02	2002-03
Opening Balance	$0	$282,424,200	$417,626,500
Revenues			
Current IGT Claims	$118,179,400	$118,179,400	$118,179,400
Estimated Increase	258,700,000	189,600,000	155,700,000
Subtotal	$376,879,400	$307,779,400	$273,879,400
Expenditures			
Nursing Homes			
County Supplement	$16,375,800	$31,803,800	$31,942,500
General Rate Increase	0	30,937,500	48,539,700
Subtotal	$16,375,800	$62,741,300	$80,482,200
Other			
Offset to MA GPR Costs	$78,079,400	$91,873,600	$102,345,700
Hospital Services	0	9,498,300	10,095,900
Noninstitutional Services	0	8,463,900	18,208,400
Hearing Aids Services	0	0	103,600
Subtotal	$78,079,400	$109,835,800	$130,753,600
Total Expenditures	$94,455,200	$172,577,100	$211,235,800
Estimated Closing Balance	$282,424,200	$417,626,500	$480,270,100

Joint Finance: Reduce funding by $9,867,700 SEG and $14,054,000 FED in 2001-02 and reduce funding by $108,706,700 GPR and $14,310,000 FED and increase funding by $98,556,200 SEG in 2002-03 to: (a) decrease funding for the regular per diem nursing home rates by $23,921,700 ($9,867,700 SEG and $14,054,000 FED) in 2001-02 and by $24,460,500 ($10,150,500 SEG and $14,310,000 FED) in 2002-03 to provide rate increases of 6.0% in 2001-02 and 4.73% in 2002-03, rather than 8.81% and 4.73%, respectively; and (b) increase funding to support MA benefits costs by $108,706,700 SEG in 2002-03 and reduce GPR funding by a corresponding amount. Additionally, specify that the appropriation created in the bill would fund costs under MA exclusively and delete references to BadgerCare. Because of new proposed federal regulations relating to IGT claiming and the Joint Finance Committee' reduction in the rates recommended by the Governor, the projections for IGT revenues in the 2001-03 biennium are reduced to $77,830,800 in 2001-02 and $77,842,000 in 2002-03.

Assembly/Conference Committee: Modify the provisions in the substitute amendment by creating a sum sufficient appropriation from the medical assistance trust fund that would be used only for: (a) MA per diem payments to all nursing facilities; and (b) MA supplemental payments to county-and municipal-owned nursing homes. Authorize DHFS to spend an amount from this appropriation that is equal to the balance in the fund, less the amounts appropriated from the fund under the segregated appropriation created in the substitute

amendment. Change the segregated appropriation in the substitute amendment from a continuing appropriation to a biennial appropriation.

This provision would enable DHFS to expend any amounts that exceed current projections of IGT revenues for MA payments to nursing homes.

Veto by Governor [C-2]: Modify the provision as follows.

Creation of Supplemental Appropriation for Nursing Home Reimbursement. Change the sum sufficient appropriation to an annual appropriation, which DHFS could use in the future to supplement the level of nursing home reimbursement provided under Act 16 if authorized by the Legislature.

Condition of Payment to County and Municipal Nursing Homes. Modify the bill to authorize DHFS to provide up to $77,100,000 in supplemental payments to county and municipal nursing homes if the state receives $1 or more of IGT funds in any year. Under Enrolled SB 55, if the state received less than $115,200,000 in IGT revenues in a state fiscal year, DHFS could provide up to, but not exceeding $37,100,000 in supplemental payments to county and municipal nursing home and if the state received $115,200,000 or more in IGT revenues in a state fiscal year, DHFS could provide up to $77,100,000 in supplemental payments to these types of nursing homes.

The table below identifies projected balances in the MA trust fund under Act 16. As the table indicates, the closing balance in the MA trust account would be $145,500 at the end of the 2001-03 biennium due to the Governor's partial veto of funding that was provided in the bill to increase supplemental payments to hospitals participating in the MA managed care initiative.

MA Trust Fund
Projected Revenues and Expenditures
(As Adjusted to Reflect Actual 2000-01 Revenues and Expenditures)
Act 16

	2000-01	2001-02	2002-03
Opening Balance	$0	$278,335,600	$212,939,600
Revenues			
IGT Claims	$372,754,200	$77,830,800	$77,842,000
Interest Earnings	0	12,240,700	6,936,600
Subtotal	$372,754,200	$90,071,500	$84,778,600
Expenditures			
Nursing Homes (Includes General Rate Increase and the County and Municipal Supplement)	$16,339,200	$52,873,600	$70,331,700
Other			
Offset to MA GPR Costs	$78,079,400	$91,873,600	$211,052,400
Hospital Services	0	6,488,300	6,852,600
Noninstitutional Services	0	4,232,000	9,104,200
Hearing Aids Services	0	0	231,800
Subtotal	$78,079,400	$102,593,900	$227,241,000
Total Expenditures	$94,418,600	$155,467,500	$297,572,700
Estimated Closing Balance	$278,335,600	$212,939,600	$145,500

[Act 16 Sections: 715, 717, 717b, 717bd, 1108, 1143, 1503, 1504, 1506, 1507, 1509, 1528, 1765, 1768, 1776, 1776m, 1777 thru 1782, 1783, 1788, 1820, 1821 and 9423(7)]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.435(4)(wm)), 717bd, 1776m and 1778]

4. NURSING HOMES -- LABOR REGION ADJUSTMENTS [LFB Paper 468]

Governor: Eliminate the requirement that DHFS establish standards for payment of allowable direct care costs that are adjusted by DHFS for regional labor cost variations.

Under current law, direct care expenses include staff and medical supplies used to provide direct patient care. DHFS is required to establish standards (targets) for payment of allowable direct care costs that are based on direct care costs for all facilities, as adjusted to reflect regional labor cost variations. DHFS establishes the direct care component of a facility's rate by comparing actual allowable direct care cost of the facility to the applicable direct care target. If a nursing home's actual allowable direct care costs are below the target, DHFS reimburses the nursing home for 100% of its costs. However, if a nursing home's actual costs

exceed the target, DHFS only reimburses the nursing home for costs up to the target rate. In 2000-01, adjustments for labor costs had various effects on nursing homes, ranging from a 6% decrease in a facility's target, to an increase of 18%. Elimination of the labor cost adjustment would result in the redistribution of MA nursing home payments, but would not affect the total level of MA payments made to nursing homes.

Senate: Delete provision.

Assembly/Legislature: Delete provision. Instead, require DHFS, together with representatives from the nursing home industry and organized labor, to develop a comprehensive plan that specifies varying regions of the state with respect to labor costs for nursing home staff and require DHFS to submit the proposed plan to the Joint Committee on Finance on or before September 1, 2001, or by the first day of the second month after the effective date of the bill, whichever is later. Specify that if the Co-chairs of the Committee do not notify the Secretary within 14 working days that the Committee will meet for the purpose of reviewing the proposal, DHFS would be authorized to implement the new labor region plan. Specify that DHFS could implement the plan only upon approval by the Committee.

[Act 16 Section: 9123(13d)]

5. NURSING HOMES -- PAYMENTS FUNDED WITH PUBLIC BENEFITS FEES

Assembly: Reduce MA benefits funding by $30,000,000 GPR in 2001-02 and 2002-03 and provide $30,000,000 SEG in 2001-02 and 2002-03 from the utility public benefits fund to support MA payments to nursing homes. Create a SEG biennial appropriation to support these payments, and provide that no moneys may be expended or encumbered from the appropriation after June 30, 2003.

Conference Committee/Legislature: Delete provision.

6. NURSING HOMES -- PROHIBITED USE OF REIMBURSEMENTS

Senate: Prohibit nursing facilities that receive state funding under MA from using any of those funds to influence the decision of any individual to support or oppose a labor organization that represents or seeks to represent the individual or to become a member of a labor organization. Require DHFS to accept any complaints from an individual who alleges that a provider is violating this provision, and require DHFS to notify the provider within one week after receiving the complaint that it must provide records sufficient to show that it did not violate this prohibition within 10 days.

Authorize the Attorney General or any other person to bring a civil action for a violation of this provision for injunctive relief, damages, civil penalties and other appropriate equitable relief. Require that all damages and civil penalties collected be paid to the State Treasury. Require that an individual who wishes to file a civil suit first provide written notice to the

Attorney General of the alleged violation and his/her intent to bring suit. Specify that such notice cannot be given until 20 days after a complaint is filed with DHFS and the notice must include a copy of the complaint filed with DHFS and its disposition, if any. Prohibit an individual from bringing a civil action if the Attorney General commences a civil action for the same alleged violation within 60 days of receiving the notice. Allow an individual to intervene as a plaintiff in any civil action. Specify that a prevailing plaintiff would be entitled to recover reasonable attorney's fees and costs. Specify that a prevailing intervenor who makes a substantial contribution to an action would be entitled to recover reasonable attorney's fees and costs.

Specify that a provider who violates the prohibition is liable to the state for the amount of such funds used, plus a civil penalty equal to twice the amount of those funds. Specify that any individual who knowingly authorizes the use of state funds in violation of the provision would be liable to the state for the amount of those funds. Specify that any individual who knowingly violates the prohibition would be personally liable to the state in the amount of $1,000 per violation.

Specify that the prohibition would not apply to an activity performed, or to an expense incurred, in connection with any of the following: (1) addressing a grievance or negotiating or administering a collective bargaining agreement; or (2) performing an activity required by federal or state law or by a collective bargaining agreement.

Exempt expenditures made prior to January 1, 2002, from these requirements. Provide that these requirements would not require employers to maintain records in any particular form.

Prohibit any person subject to the provisions from discharging, demoting, threatening or otherwise discriminating against any person or employee with respect to compensation, terms, conditions, or privileges of employment as a reprisal because the person or employee (or any person acting pursuant to the request of the employee) provided or attempted to provide information to DHFS or to the Attorney General. Permit any person or former employee who believes that he or she has been discharged or discriminated against to file a civil action within three years of the date of such discharge or discrimination. Specify that if a court finds by a preponderance of the evidence that a violation of this protection has occurred, the court could grant such relief as it may deem appropriate, including: (a) reinstatement to the employee's former position; (b) compensatory damages, costs and reasonable attorneys fees; and (c) other relief to remedy past discrimination. Exclude from these protections any employee or person who: (a) deliberately causes or participates in the alleged violation or regulation; or (b) knowingly or recklessly provides substantially false information to the division.

Conference Committee/Legislature: Delete provision.

7. NURSING HOMES -- SUPPLEMENT FOR CERTAIN MILWAUKEE NURSING HOMES

Senate: Increase MA benefits funding by $1,558,000 GPR and $2,242,000 FED annually to provide supplemental payments to nursing homes in the City of Milwaukee that meet the following criteria: (a) the patient occupancy of the nursing home is at least 80% of the nursing home's licensed bed capacity; (b) more than 90% of the nursing home's residents are eligible for MA, including those who have dual eligibility for MA and Medicare; (c) the nursing home is not affiliated with a religious organization from which the nursing home receives operating support; (d) the nursing home is certified as a Medicare provider; and (e) at least 75% of the nursing home's employees are minority group members. Specify that funding for grants would be based on the total cost of the nursing home's services per MA patient or $140 per MA patient day, whichever is less, less any other MA payment for care of MA residents.

Based on this criteria, it is likely that the following four Milwaukee facilities would be eligible to receive a supplement: Christopher East Health and Rehabilitation Center, Kilbourn Care Center, Plymouth Manor Health Care and Rehabilitation Center and Park Manor.

Conference Committee/Legislature: Delete provision.

8. NURSING HOMES -- MEDICATION SUPPLY REQUIREMENTS

Assembly: Permit, under a unit dose drug delivery system, as ordered by a physician, a pharmacy to dispense to a nursing home up to a one-month's supply of the physician-directed dosage of drug products for an individual nursing home resident. Specify that the drug products may be supplied by use of unit dose packaging.

Define "drug product" as a specific drug or drugs in a specific dosage form and strength from a known source of manufacture. Define "unit dose drug delivery system" as a system for the distribution to nursing home residents of drug products under which a single dose of a drug product is individually packaged and sealed. Specify that "unit dose packaging" includes individually wrapped, single doses of a drug product that are contained on cards and that may be singly accessed by punching out a single wrapping on the card.

Under current administrative rules, a nursing home can receive a supply of medications for an individual resident for up to four days. Current rules do not subject "punch-outs" or "punch-cards" to this restriction for unit dose packaging.

Conference Committee/Legislature: Delete provision.

9. NURSING HOMES -- TRANSFER OF BEDS

Joint Finance/Legislature: Authorize a nursing home to transfer a licensed bed to another nursing home if all of the following apply: (a) the receiving nursing home is within the same

area for allocation of nursing home beds, as determined by DHFS, as is the transferring nursing home or is in a county adjoining that area; (b) the transferring nursing home and the receiving nursing home are owned by corporations that are owned by the same person; (c) the transferring and receiving nursing homes notify DHFS of the proposed transfer within 30 days before the transfer occurs; and (d) DHFS reviews and approves the transfer. Require DHFS to adjust the allocation of licensed beds for each nursing home in accordance with the transfer that was made.

[Act 16 Section: 2850y]

10. BADGERCARE FUNDING [LFB Paper 469]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$30,673,400	$1,129,600	$31,803,000
FED	70,881,300	3,129,800	74,011,100
PR	1,280,000	1,687,400	2,967,400
Total	$102,834,700	$5,946,800	$108,781,500

Governor: Provide $43,201,500 ($12,554,800 GPR, $30,106,700 FED and $540,000 PR) in 2001-02 and $59,633,200 ($18,118,600 GPR, $40,774,600 FED and $740,000 PR) in 2002-03 to reflect a reestimate of the costs to fund BadgerCare benefits in the 2001-03 biennium. Federal funding would be available under MA and the state children's health insurance program (SCHIP). Program revenue would be available from premiums paid by enrollees with income above 150% of the federal poverty level. The bill provides funding for BadgerCare benefits totaling $140,838,100 ($46,773,100 GPR, $91,864,800 FED and $2,200,200 PR) in 2001-02 and $157,269,800 ($52,336,900 GPR, $102,532,700 FED and $2,400,200 PR) in 2002-03.

This reestimate reflects: (a) a projected average caseload of approximately 84,400 in 2001-02 and 90,400 in 2002-03; (b) an enhanced federal matching rate for adults in families with income above 100% of the federal poverty level available as a result of a federal SCHIP waiver received in January 2001; and (c) increasing average costs per enrollee. As of March 5, 2001, 73,841 persons were enrolled in BadgerCare, including 51,112 adults and 22,729 children.

Joint Finance/Legislature: Modify the Governor's recommendations as follows.

Funding. Provide an additional $1,232,200 GPR, $2,937,900 FED and $794,200 PR in 2001-02 and reduce funding recommended by the Governor by $102,600 GPR and provide an additional $191,900 FED and $893,200 PR in 2002-03 to reflect a reestimate of the funds necessary to support costs for BadgerCare services provided in the 2001-03 biennium.

Enrollment Trigger. Maintain the current enrollment trigger for BadgerCare, but authorize the Joint Committee on Finance to transfer funds under s. 13.101 of the statutes, from any other GPR appropriation to the BadgerCare appropriation if the Committee determines that funding for BadgerCare is insufficient to fund the benefit costs of the program and: (a) unnecessary

duplication of function can be eliminated; (b) more efficient and effective methods of administering programs will result; or (c) legislative intent will be more effectively carried out because of such transfer, and that legislative intent will not be changed as a result of such a transfer.

Current law specifies that DHFS must establish a lower maximum income level for initial eligibility determinations if BadgerCare funding is insufficient to meet program needs based on projected enrollment levels. The adjustment must not be greater than necessary to ensure sufficient funding is available. DHFS cannot implement a change to the maximum income level for initial eligibility unless it first submits to the Committee its plans for lowering the maximum income level and the Committee approves the plan under a 14-day passive approval process. This process is known as the "enrollment trigger." Under this provision, DHFS would continue to be required to request implementation of the enrollment trigger, if funds are projected to be insufficient. However, rather than approving or denying such a request, the Committee could transfer funds to address the projected deficit.

BadgerCare Appropriation. Create a SEG appropriation to fund BadgerCare costs funded from the MA trust fund that would be created in the bill.

Veto by Governor [C-4]: Delete the provision authorizing the Joint Committee on Finance to transfer funds, under s. 13.101 of the statutes, from any other GPR appropriation to the BadgerCare appropriation if the Committee determines that funding for BadgerCare is insufficient to fund the benefit costs and makes several other determinations. Therefore, Act 16 makes no changes to DHFS' responsibility to propose the use of the enrollment trigger, nor any changes to the Committee's ability to transfer funds to support costs for BadgerCare benefits if DHFS submits a proposal to implement the enrollment trigger.

[Act 16 Sections: 717c, 1836 and 1837]

[Act 16 Vetoed Sections: 1836g and 1836r]

11. BADGERCARE ELIGIBILITY [LFB Paper 470]

Governor: Require DHFS, not later than January 1, 2002, to request a waiver from the federal Secretary of the U.S. Department of Health and Human Services (DHHS) to: (a) permit DHFS to verify whether a family or a child has access or has had access to employer-subsidized health care prior to enrolling the family or child in BadgerCare; and (b) increase the time period a family or a child is required to be without access to employer-subsidized health care before the family or child would be eligible for BadgerCare.

Specify that the waiver request would propose to increase the time period that a family must not have had access to employer-subsidized health care before being eligible for BadgerCare. The waiver request would propose to increase the waiting period from three months to six months, with the following exceptions:

- If a family or child had access to employer-subsidized health care coverage during the six months immediately preceding the date of application for BadgerCare but no longer has access because the coverage was terminated through no fault of the family or the child, as determined by DHFS, the waiting period would be 45 days.

- If a family or child had access to employer-subsidized health care coverage during the six months immediately preceding the date of application for BadgerCare but no longer has access because the family or child has exhausted their COBRA coverage, the waiting period would be at least three months.

- If a family or child had access to employer-subsidized health care coverage during the six months immediately preceding the date of application for BadgerCare, but no longer has access because employment has been terminated, the waiting period would be at least three months.

Current administrative rules specify that eligibility for BadgerCare is limited to those families that have not had health care coverage for the three calendar month period preceding the family's application for BadgerCare, except that the three-month waiting period may be waived for good cause. Under a good cause waiver, a family or a child with health care coverage within the three months may have the waiting period waived if: (a) coverage was terminated through no fault of the family or child; (b) the family or child had exhausted their COBRA coverage; or (c) employment had been terminated. Additionally, a family or child cannot have access or have had access within the previous 18-month period to health care coverage for which an employer pays at least 80% of the plan's premiums. Waivers of this requirement are also available for good cause.

COBRA coverage refers to a provision in the federal Consolidated Omnibus Budget Reconciliation Act (P.L. 99-272), which specifies that employees who terminate employment for any reason other than gross misconduct, those whose hours are reduced and dependents of these employees may continue to receive group health care coverage for up to 18 months. Dependents may continue coverage for up to 36 months if they lose coverage for any of the following reasons: death of the employee divorce from the employee, the dependent has reached the maximum age under the policy of the employee becomes eligible for Medicare. Disabled employees can continue coverage for up to 29 months under COBRA.

Joint Finance: Delete provision.

Assembly: Include the Governor's recommendations, except modify the provision to reflect that the extension of the waiting periods would apply to the time a family or a child would have to be without health insurance coverage rather than access to health care coverage to reflect the Governor's intent.

Conference Committee/Legislature: Delete provision.

12. BADGERCARE PREMIUMS

Assembly: Decrease funding for BadgerCare benefits by $287,400 GPR and $710,700 FED in 2001-02 and $632,300 GPR and $1,563,300 FED in 2002-03 and provide $998,100 PR in 2001-02 and $2,195,600 PR in 2002-03 to increase the premium a family or a child with income above 150% of the federal poverty level (FPL) would be charged to participate in BadgerCare, beginning January 1, 2002.

No later than January 1, 2002, require DHFS to request a waiver from the Secretary of the U.S. Department of Health and Human Services to increase the maximum amount that a family or child would be required to pay to 5% of a family's or child's income. If the waiver is granted, require DHFS to increase the maximum amount that a family or child is required to pay to 5% of the family's or child's income and the Joint Committee on Finance would not be required to approve such an increase.

Currently, a family or child not residing with his or her parents is required to pay a premium to receive BadgerCare benefits if the family's or child's income exceeds 150% of the FPL. In 2001, 150% of the FPL is $21,945 for a family of three. DHFS is required to establish, by rule, a schedule of the premium amount a family or child would have to pay so that the premium represents no more than 3% of the family's or child's income. Under the schedule, the monthly premium that a family pays is based on family size and income and ranges from $30 and $165 per month. If DHFS proposes to establish a schedule for premiums that exceeds 3% of a family's or child's income, DHFS must submit the proposed schedule to the Joint Committee on Finance for approval under a 14-day passive approval process. DHFS may not implement, nor may the Committee approve, a schedule that would require a family or a child to pay a premium that exceeds 3.5% of their income.

Conference Committee/Legislature: Delete provision.

13. BADGERCARE FUNDING STUDY

Assembly/Legislature: Require DHFS to conduct a study of the potential for long-term savings under BadgerCare and to report the results of the study, together with its findings and recommendations, to the Joint Committee on Finance no later than January 1, 2002.

Veto by Governor [C-5]: Delete the date by which DHFS is required to submit the study to the Joint Committee on Finance.

[Act 16 Section: 9123(9wo)]

[At 16 Vetoed Section: 9123(9wo)]

14. MA REIMBURSEMENT -- RATES FOR NONINSTITUTIONAL SERVICES [LFB Paper 472]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$26,672,300	- $13,336,100	$13,336,200
FED	37,885,200	- 18,740,400	19,144,800
Total	$64,557,500	- $32,076,500	$32,481,000

Governor: Provide $20,518,600 ($8,463,900 SEG and $12,054,700 FED) in 2001-02 and $44,038,900 ($18,208,400 SEG and $25,830,500 FED) in 2002-03 to increase MA rates for most noninstitutional services. The administration indicates that half of these funds would be used to provide a 2.5% across-the-board increase in each year for most noninstitutional services. The remaining funds would be used to support rate increases for selected noninstitutional services for which MA payments represent no more than 50% of the amount providers bill for these services. The segregated funding provided under this item would be available from the MA trust fund created in the bill.

Rates for the following noninstitutional services would be increased by 2.5% in 2001-02 and an additional 2.5% in 2002-03: (a) ambulance transportation; (b) certified nurse anesthetist; (c) chiropractic; (d) dental; (e) durable medical equipment and disposable medical supplies; (f) end-stage renal disease; (g) family planning; (h) HealthCheck; (i) home health; (j) hospice; (k) laboratory and x-ray; (l) mental health; (m) personal care; (n) physicians and clinics; (o) podiatry; (p) prenatal care coordination; (q) transportation by specialized medical vehicle; (r) therapies; and (s) vision. DHFS would determine which service categories and providers would be eligible for the additional rate increase.

Joint Finance/Legislature: Reduce funding in the bill by $4,231,900 SEG and $5,825,200 FED in 2001-02 and $9,104,200 SEG and $12,915,200 FED in 2002-03, but adopt the Governor's recommended allocations for this funding (50% would be provided for across-the-board increases in reimbursement rates for noninstitutional providers and 50% would be provided for rate increases targeted to services with reimbursements that represent no more than 50% of charges).

The total funding available to increase reimbursement rates for noninstitutional services under this provision is $10,461,500 ($4,232,000 SEG and $6,229,500 FED) in 2001-02 and $22,019,500 ($9,104,200 SEG and $12,915,300 FED) in 2002-03. Approximately 92.2% of the SEG funding provided would be budgeted in the MA benefits appropriation. The remainder would be budgeted in the BadgerCare benefits appropriation. It is estimated that the funding allocated for across-the-board rate increases would provide increases in the maximum reimbursement rates equivalent to approximately 1.1% in each year.

15. MA REIMBURSEMENT -- HOSPITAL PAYMENTS [LFB Paper 473]

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	$19,594,200	- $6,107,800	- $145,500	$13,340,900
FED	27,513,100	- 8,404,200	- 207,100	18,901,800
Total	$47,107,300	- $14,512,000	- $352,600	$32,242,700

Governor: Provide $22,907,900 ($9,498,300 SEG and $13,409,600 FED) in 2001-02 and $24,199,400 ($10,095,900 SEG and $14,103,500 FED) in 2002-03 to fund increases in the maximum reimbursement rates paid to hospitals for outpatient services and increases in reimbursement rates for inpatient services provided by disproportionate share hospitals (DSHs). SEG funding would be provided from the MA trust fund that would be created in the bill.

This provision would use funds from the MA trust fund as the state's match for claiming additional federal DSH funding that is available, beginning in federal fiscal year (FFY) 2000-01. Before FFY 2000-01, federal MA matching funds to support the state's DSH payments were limited to $7.0 million annually. Under a change enacted as part of the FFY 2000-01 federal budget, some states, including Wisconsin, are eligible to receive a DSH allotment equal to 1% of the total federal MA funding paid to that state. The amount of the federal funding provided in the bill is based on DHFS estimates of the additional federal DSH funding that would be available to the state in each year of the 2001-03 biennium.

DHFS would use these funds to: (a) recalculate rates paid to most hospitals for outpatient services ($7,848,300 SEG and $11,059,600 FED in 2001-02 and $8,436,000 SEG and $11,763,400 FED in 2002-03); and (b) increase inpatient hospital reimbursement rates to those hospitals that meet the federal definition of a DSH ($1,650,000 SEG and $2,350,000 FED in 2001-02 and $1,659,900 SEG and $2,340,100 FED in 2002-03).

In 1999-00, 26 hospitals received DSH increases to their inpatient reimbursement rate. To be eligible for a DSH increase, a hospital must serve a disproportionate share of low-income and MA clients. Additionally, a qualifying hospital must have at least two obstetricians who have staff privileges and who have agreed to participate in MA unless the hospital serves patients who are predominantly under age 18 or the hospital did not offer nonemergency obstetrical care as of December 31, 1987.

The administration indicates that the outpatient services rate paid to a rural hospital would be recalculated so that in 2001-02, each hospital would be paid a rate equivalent to 100% of a hospital's costs for outpatient services. For urban hospitals, in 2001-02, the rate would be equivalent to approximately 93% of a hospital's costs for outpatient services. Currently, the rate paid to a hospital for outpatient services is based on that hospital's costs from 1987, adjusted for inflation, capital costs and costs for outpatient mental health services provided by the hospital.

In addition, make the following statutory changes.

Payment of Medicare Part B Outpatient Coinsurance. Require DHFS to include in the MA state plan a methodology for payment of the Medicare Part B outpatient hospital services coinsurance amounts that DHFS pays on behalf of certain MA recipients that are also eligible for Medicare. For individuals that are eligible for Medicare and eligible for partial benefits under MA, current law specifies what portion of costs not paid by Medicare would be paid by MA, including premiums, deductibles and coinsurance amounts. This provision would specify that these provisions would not apply to the calculation of MA payments of coinsurance for Medicare outpatient hospital services, but rather, the methodology for calculating these payments would be provided in the MA state plan.

Act 9 Supplemental Hospital Payments. Delete the provision requiring DHFS to distribute up to $2,451,000, beginning on July 1, 2000, as a supplemental payment for hospitals with MA revenues representing at least 8% of the hospital's total revenue. Due to the Governor's partial vetoes of 1999 Wisconsin Act 9, funding for this supplement was provided on a one-time basis.

Joint Finance: Reduce funding in the bill by $7,006,100 ($2,939,000 SEG and $4,067,100 FED) in 2001-02 and $7,505,900 ($3,168,800 SEG and $4,337,100 FED) in 2002-03 to increase outpatient reimbursement rates and DSH allocations as follows:

Outpatient Service Rates for Urban Hospitals. Reduce funding in the bill by $1,927,100 SEG and $2,648,600 FED in 2001-02 and $2,102,100 SEG and $2,858,300 FED in 2002-03 to increase reimbursement rates for outpatient hospital services provided by some urban hospitals.

Outpatient Service Rates for Rural Hospitals. Reduce funding in the bill by $670,400 SEG and $932,500 FED in 2001-02 and $726,200 SEG and $999,400 FED in 2002-03 to increase reimbursement rates for outpatient hospital services provided by some rural hospitals.

Effect on HMO Payments. Require DHFS to allocate a portion of the funding provided to increase outpatient hospital reimbursements, to fund adjustments in HMO payment rates to ensure that the discount rates reflected in HMO payments are not increased as a result of the increase in outpatient hospital reimbursements.

Effect on BadgerCare Funding. Authorize DHFS to transfer funding from the MA SEG benefits appropriation to the BadgerCare SEG appropriation in each year of the 2001-03 biennium to ensure that sufficient funding is provided for increased costs in BadgerCare as a result of increases in the reimbursement rate for outpatient hospital services.

DSH Allocations. Reduce funding in the bill by $412,500 SEG and $587,500 FED in 2001-02 and $415,000 SEG and $585,000 FED in 2002-03 so that DSH allocations would increase by $3.0 million (all funds) annually, rather than $4.0 million (all funds) annually, as provided in the Governor's bill.

Managed Care Supplemental Hospital Payment. Increase funding in the bill by $71,000 SEG and $101,500 FED in 2001-02 and $74,500 SEG and $105,600 FED in 2002-03 to increase the

supplemental payment for hospitals participating in the MA managed care initiative. This increase would be a one-time increase in the 2001-03 biennium only.

Senate: Provide $1,000,000 annually ($412,500 GPR and $587,500 FED in 2001-02 and $415,000 GPR and $585,000 FED in 2002-03) to increase allocations for disproportionate share hospitals (DSHs). The Joint Finance provision would increase funding for these payments by $3.0 million (all funds) annually. Therefore, under this provision, the increase for DSH allocations would total $4.0 million (all funds) annually.

Delete the provision in the substitute amendment that would require DHFS to allocate a portion of the funding provided for outpatient hospital rate increases to fund adjustments in HMO payment rates to ensure that the discount rates reflected in HMO payments are not increased as a result of the increase in outpatient hospital reimbursements.

Assembly: Reduce MA benefits funding by $500,000 GPR and $712,100 FED in 2001-02 and $500,000 GPR and $704,900 FED in 2002-03 to reduce funding that would be provided in the substitute amendment for MA payments to disproportionate share hospitals. Under this provision, funding for these hospitals would increase by $1,787,900 (all funds) in 2001-02 and $1,795,100 (all funds) in 2002-03, compared to base funding for disproportionate share hospitals, rather than $3.0 million (all funds) annually as recommended by Joint Finance.

Conference Committee/Legislature: Maintain funding for disproportionate share hospitals, as recommended by Joint Finance. Further, modify the Joint Finance provision relating to funding for outpatient hospital rate increases to require DHFS to allocate a portion of the funding provided for those increases to fund adjustments in HMO payments to ensure that the change in the discount rate for HMO payments does not increase by an amount totaling more than $2.5 million annually in calendar years 2002 and 2003. Require DHFS to submit a proposal to Joint Finance, within 90 days of the bill's general effective date, that identifies how DHFS would allocate funding provided for outpatient hospital rate increases between hospital providers and HMOs. Prohibit DHFS from implementing the proposal unless the Committee approves the proposal or an alternative proposal under a 14-day passive review.

Veto by Governor [C-3]: Reduce funding by $71,000 SEG and $101,500 FED in 2001-02 and by $74,500 SEG and $105,600 FED in 2002-03 to delete funding provided in the bill to increase supplemental payments to hospitals participating in the MA managed care initiative.

The following table summarizes funding provided in Act 16 for increases in hospital payments.

Hospital Payment Increases
Act 16

	2001-02			2002-03		
	SEG	FED	Total	SEG	FED	Total
Outpatient Service Rates						
Urban Hospitals	$4,441,100	$6,325,300	$10,766,400	$4,743,000	$6,686,600	$11,429,600
Rural Hospitals	809,700	1,153,200	1,962,900	864,700	1,219,100	2,083,800
Subtotal	$5,250,800	$7,478,500	$12,729,300	$5,607,700	$7,905,700	$13,513,400
Disproportionate Share Hospitals	1,237,500	1,762,500	3,000,000	1,244,900	1,755,100	3,000,000
Total Increases	$6,488,300	$9,241,000	$15,729,300	$6,852,600	$9,660,800	$16,513,400

[Act 16 Sections: 717, 717b, 717c, 717d, 1766, 1792, 1807 thru 1810, 1816 thru 1818, 9123(8e)&(13dd) and 9423(15d)]

[Act 16 Vetoed Section: 395 (as it relates to s. 20.435(4)(w))]

16. MA REIMBURSEMENT -- HOSPITAL PAYMENTS FOR THE GENERAL ASSISTANCE MEDICAL PROGRAM

PR	$4,320,000
FED	6,121,500
Total	$10,441,500

Senate/Legislature: Provide $2,160,000 PR annually and $3,076,400 FED in 2001-02 and $3,045,100 FED in 2002-03 to reflect an increase in the amount that DHFS may receive from Milwaukee County as an intergovernmental transfer (IGT) for Milwaukee County's general assistance medical program (GAMP).

Under current law, DHFS is authorized to receive $2.5 million annually from Milwaukee County as an IGT payment. This revenue is deposited in a PR appropriation in DHFS and matched with federal MA matching funds (approximately $3.6 million) and distributed to eligible hospitals in Milwaukee County as reimbursement for services provided by the hospitals and originally paid under GAMP. These hospitals then reimburse Milwaukee County for any payments made under GAMP.

Under this provision, the amount that DHFS may receive as IGT from Milwaukee County would increase to $4,660,000 PR annually. It is estimated that federal funds available as match to this revenue could total approximately $6.6 million annually.

The amount of federal funds that would be available would depend on the amount of payments originally paid to these hospitals under GAMP. Therefore, before DHFS can use the IGT funds to match federal funds, it must first verify that sufficient payments were made to eligible hospitals under GAMP.

17. MA REIMBURSEMENT -- RATES FOR PRESCRIPTION DRUGS [LFB Paper 474]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	- $12,106,400	$4,476,300	$3,815,100	- $3,815,000
FED	- 17,065,600	6,257,100	5,404,300	- 5,404,200
Total	- $29,172,000	$10,733,400	$9,219,400	- $9,219,200

Governor: Reduce MA benefits funding by $11,521,700 (-$4,781,500 GPR and -$6,740,200 FED) in 2001-02 and $17,650,300 (-$7,324,900 GPR and -$10,325,400 FED) in 2002-03 to reflect projected savings in MA benefits costs that would result by reducing the MA reimbursement rates DHFS pays to pharmacies and pharmacists for brand name and non-readily available generic prescription drugs. Under the proposal, DHFS would reimburse pharmacies and pharmacists for these drugs at a rate equal to the average wholesale price (AWP), as reported by manufacturers, minus 15%, plus the applicable dispensing fee (currently $4.38 for most drugs). DHFS currently pays pharmacies and pharmacists a rate equal to the AWP minus 10%, plus a dispensing fee, for these types of drugs. DHFS would continue to pay pharmacies and pharmacists for readily available prescription drugs a rate equal to the maximum allowable cost, which is determined by DHFS, plus the applicable dispensing fee.

Joint Finance: Provide $1,198,900 GPR and $1,637,800 FED in 2001-02 and $3,277,400 GPR and $4,619,300 FED in 2002-03 to increase the MA reimbursement rate for brand name and non-readily available generic prescription drugs to AWP minus a 12.5% discount, effective July 1, 2001, rather than AWP minus a 15% discount, as recommended by the Governor.

Assembly: Increase MA benefits funding by $3,582,600 GPR and $5,102,400 FED in 2001-02 and $4,047,500 GPR and $5,706,100 FED in 2002-03 to delete the Joint Finance provision that would reduce the current reimbursement rate for brand name and non-readily available generic prescription drugs purchased under MA.

Conference Committee/Legislature: Increase MA benefits funding recommended by Joint Finance by $1,791,300 GPR and $2,551,200 FED in 2001-02 and $2,023,800 GPR and $2,853,100 FED in 2002-03 to reflect the costs of increasing the maximum MA reimbursement rate for brand name and non-readily available generic prescription drugs, effective July 1, 2001, to AWP minus an 11.25% discount, rather than AWP minus a 12.5% discount, as recommended by Joint Finance.

18. MA REIMBURSEMENT -- PRESCRIPTION DRUG COPAYMENTS

Assembly: Reduce funding for MA benefits by $721,500 GPR and $1,027,500 FED in 2001-02 and $967,700 GPR and $1,364,300 FED in 2002-03 to reflect the projected cost savings of increasing copayments paid by MA recipients for brand name drugs from $1.00 to $2.00. Specify that this provision would first apply to drugs purchased by MA recipients on October 1,

2001, or the bill's general effective date, whichever is later. The current $1.00 copayment for generic drugs and $0.50 copayments for over-the-counter drugs would not change.

Conference Committee/Legislature: Delete provision.

19. MA REIMBURSEMENT -- SCHOOL-BASED HEALTH SERVICES ESTIMATE [LFB Paper 480]

GPR-REV $11,800,000

Joint Finance: Increase estimated revenues to the general fund by $5.9 million annually to reflect a reestimate of MA reimbursement for school-based health services.

Senate: Adopt the Joint Finance provision. In addition, beginning on July 1, 2003, require DHFS to reimburse school districts, CESAs and DPI for 90% of the federal share of allowable charges received for MA school-based services in excess of $16,100,000 in any fiscal year. Under current law, effective July 1, 2001, DHFS will reimburse school districts, CESAs and DPI 60% of the amount of federal matching MA funds the state claims for these services and 40% will be deposited to the general fund. Because this provision would take effect on July 1, 2003, it would not affect general fund revenue in the 2001-03 biennium, but would reduce GPR revenue and provide corresponding increases to school districts, CESAs and DPI in each year, beginning in 2003-04.

Schools provide the state's match for school-based health services. Prior to the 1999-01 biennium, of the federal matching funds received for school-based services, 60% was distributed to school providers and 40% was credited to the state's general fund. Under provisions of 1999 Wisconsin Act 9, in the 1999-01 biennium, after the first $16.1 million in federal MA matching funds are received as reimbursement for school-based services, of any additional revenue received, 90% is distributed to school providers and 10% is credited to the state's general fund. Under current law, beginning July 1, 2001, 60% of all federal matching funds for school-based health services will be distributed to school providers and 40% will be credited to the state's general fund.

School-based health services are MA-eligible services provided to MA-eligible students by school districts, cooperative educational service agencies (CESAs) or the Wisconsin Schools for the Visually Handicapped or the Deaf. The services that can be reimbursed as school-based health services include: (a) speech, language, hearing and audio logical services; (b) occupational and physical therapy services; (c) nursing services; (d) psychological counseling and social work services; (e) developmental testing and assessments; (f) transportation if provided on a day the student receives other school-based health services; and (g) durable medical equipment.

It is estimated that federal reimbursement for school-based health services will total approximately $35 million in 2000-01.

Conference Committee/Legislature: Retain the Joint Finance provision but delete the Senate provision.

20. MA REIMBURSEMENT -- RATES FOR SPEECH THERAPY SERVICES

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$250,000	$250,000	$0
FED	354,900	- 354,900	0
Total	$604,900	- $604,900	$0

Senate: Provide $1,066,200 GPR and $1,509,500 FED in 2002-03 to increase MA and BadgerCare reimbursement rates for speech therapy services by approximately 76% so that the MA rates for speech therapy services would equal the rates paid for physical and occupational therapy services. Of the amount provided, $1,051,200 GPR and $1,481,900 FED would be budgeted in the MA appropriation, the rest would be budgeted for BadgerCare benefits. In 1999-00, $3,054,400 (all funds) was expended for speech therapy services under MA.

Conference Committee/Legislature: Provide $250,000 GPR and $354,900 FED in 2002-03 to increase MA and BadgerCare reimbursement rates for speech therapy services. Of the amounts provided, $246,000 GPR and $346,800 FED would be budgeted for increased costs in MA and the remainder would be budgeted for BadgerCare benefits.

Veto by Governor [C-13]: Delete provision.

[Act 16 Vetoed Section: 395 (as it relates to s. 20.435(4)(b)&(bc))]

21. MA REIMBURSEMENT -- RATES FOR HEARING AID INSTRUMENTS AND SERVICES [LFB Paper 477]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$103,600	$128,200	$231,800
FED	146,500	180,300	326,800
Total	$250,100	$308,500	$558,600

Governor: Provide $250,100 ($103,600 SEG and $146,500 FED) in 2002-03 to support the costs of a 15% increase in the maximum reimbursement rate for hearing aid packages and repair services, effective July 1, 2002. SEG funding would be available from the MA trust fund created in the bill.

MA currently covers a complete hearing instrument package, including a hearing aid, ear mold, cord and one package of batteries. MA reimburses providers for the cost of the hearing aid package, plus a fee for dispensing the hearing aid. The current maximum reimbursement

rate for a standard hearing aid for one ear is approximately $249 and the dispensing fee is approximately $211.

Joint Finance/Legislature: Increase funding in the bill by $128,200 SEG and $180,300 FED in 2002-03 to provide a 30% increase in the reimbursement rates for hearing aids and a 15% increase in reimbursement rates for hearing aid-related services.

22. MA REIMBURSEMENT -- ADJUSTMENTS RELATED TO CARE AND TREATMENT FACILITIES [LFB Papers 500, 501, 995, 996 and 997]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$223,500	$264,700	$488,200
FED	975,800	375,300	1,351,100
Total	$1,199,300	$640,000	$1,839,300

Governor: Increase MA benefits funding by $430,700 ($60,600 GPR and $370,100 FED) in 2001-02 and $768,600 ($162,900 GPR and $605,700 FED) in 2002-03 to reflect increases relating to the operation of the three State Centers for the Developmentally Disabled. Funding for the state Centers is budgeted in the MA benefits appropriation and transferred to the Division of Care and Treatment Facilities as program revenue. The requests relating to the state Centers are summarized under "Care and Treatment Facilities."

Joint Finance/Legislature: Increase funding in the bill by an additional $129,100 GPR and $184,000 FED in 2001-02 and $135,600 GPR and $191,300 FED in 2002-03 to reflect changes in funding that would be provided for the state Centers for the Developmentally Disabled, the Mental Health Institutes and the Veterans Home at King. Because these institutions serve MA recipients, changes to funding for these facilities affect MA expenditures.

23. MA REIMBURSEMENT -- CIP IA RATE FOR NEW PLACEMENTS [LFB Paper 521]

Governor/Legislature: Increase the maximum reimbursement rate for persons who are relocated from state Centers for the Developmentally Disabled to the community under the CIP IA program, from the current rate of $190 per day, to $200 per day for placements made in state fiscal year 2001-02 and to $225 per day for placements made in 2002-03. No additional funding is budgeted to support this increase because the bill would also increase the amount of funding that would be reduced from the state Centers budget following a CIP placement by the same amounts. Thus, the additional costs for community placements would be offset by reduced funding to support services at the State Centers.

Under current law, CIP IA placements are supported at four different rates. For placements made before July 1, 1995, the rate is $125 per day, for placements made on or after July 1, 1995 and before July 1, 1997, the rate is $153 per day, for placements made on or after July 1, 1997 and before July 1, 2000, the rate is $184 per day and for placements on or after July 1, 2000, the rate is $190 per day.

[Act 16 Section: 1767]

24. MA REIMBURSEMENT -- DENTAL SERVICES

Senate: Increase funding for MA benefits and administration by $9,287,400 GPR and $13,039,200 FED in 2002-03 to reflect the following changes:

Benefits Funding for Dental Services. Specify that, effective July 1, 2002, the maximum MA reimbursement rate for dental services would be equivalent to the 75th percentile of the American Dental Association's (ADA) fee schedule for the east north central region of the country, which includes Wisconsin, for the most recently published annual ADA survey of dental fees. Provide $8,614,000 GPR and $12,143,900 FED in 2002-03 to reflect increased benefit costs associated with this increase. Additionally, provide $378,500 GPR and $533,600 FED in 2002-03 to reflect increased benefits costs associated with increasing from one to two, the number of dentals cleaning an adult MA recipient could receive in one year.

Require MA to reimburse providers for dental services provided by dental hygienists provided within the scope of practice of a dental hygienist. No funding would be provided for this item.

Topical Fluoride Varnish under the Early and Periodic Screening, Diagnosis and Treatment Program. In 2002-03, require DHFS to provide MA coverage of up to three applications of a topical fluoride varnish per year as part of the early and periodic screening, diagnosis and treatment (EPSDT) program. Specify that application of a topical fluoride varnish may be, but is not required to be, provided in conjunction with an EPSDT examination that includes a limited oral screening. Specify that health care professionals providing the varnish treatments must refer or facilitate referral of children receiving applications of the varnish for comprehensive dental care rendered by a dental professional. Require DHFS to disseminate to health care professionals providing EPSDT services and to parents or guardians of children eligible for EPSDT services, information on the availability of, and coverage for, topical fluoride varnish under the EPSDT program and the efficacy of these varnish treatments in preventing early childhood caries. Provide $162,900 GPR and $229,700 FED in 2002-03 to reflect increased benefit costs as a result of this provision.

Administration for Dental Services. Provide $264,000 ($132,000 GPR and $132,000 FED) in 2002-03 and 5.0 GPR positions, beginning July 1, 2002, to establish a licensed dental health professional in each of the five DHFS administrative regions of the state. These positions would perform dental health outreach services and would be funded as an MA administrative

expense. Most MA administrative activities, including outreach activities, are funded on a 50% GPR / 50% FED cost-sharing basis.

Report on Prior Authorization. Require DHFS to prepare a report on its efforts to reduce prior authorization requirements for MA dental services and simplify the prior authorization process for these services. Require DHFS to submit this report to the chief clerk of each house of the Legislature and to the Governor by the first day of the sixth month following the effective date of the bill.

These provisions, as well as others summarized under "DHFS -- Health," "Marquette Dental School," "Regulation and Licensing" and "Wisconsin Technical College System," are based on recommendations of the Legislative Council Study Committee on Dental Care Access.

Conference Committee/Legislature: Delete provision.

25. MA REIMBURSEMENT -- GENERAL ASSISTANCE CLAIMS

Assembly: Require DHFS to consider for payment under MA, claims received by the MA fiscal agent more than one year from the date of service if: (a) the service was initially reimbursed under a county general assistance program; (b) the entity that submits the claim reimburses DHFS, under a contract with the county that is entered into before DHFS receives the claim, for any additional departmental administrative costs necessary to process the claim.

Specify that, if a provider received reimbursement under MA for a service that was initially paid under a county general assistance program, the provider must, as a condition of MA certification, refund to the county the amount that was initially reimbursed to the provider by the county. Require the county to separately identify this refund and remit to DHFS the amount that represents the state's contribution to the original payment.

Authorize the Joint Committee on Finance to transfer from the general assistance appropriation to the MA benefits appropriation an amount that equals the difference between an MA claim paid under this provision and the amount remitted to DHFS by the county for that claim.

If the U.S. Department of Health and Human Services disallows payment of the state federal financial participation for any MA payments made under this provision, require the county to remit to DHFS an amount equal to the federal funds paid under MA for the service provided.

Create two PR appropriations for the receipt of funds remitted to DHFS by counties under this provision. One of these appropriations would authorize DHFS to expend all moneys received from the counties for administrative costs associated with the processing of claims under this provision. The second appropriation would authorize DHFS to expend all moneys received from counties for MA costs paid because of claims paid under these provisions.

Specify that these provisions would not apply after June 30, 2005.

Conference Committee/Legislature: Delete provision.

26. MA ELIGIBILITY -- ELIMINATE THE ASSET LIMIT FOR LOW-INCOME FAMILIES

GPR	$736,000
FED	1,044,200
Total	$1,780,200

Governor/Legislature: Provide $851,400 ($351,200 GPR and $500,200 FED) in 2001-02 and $928,800 ($384,800 GPR and $544,000 FED) in 2002-03 to reflect increases in the MA caseload as a result of eliminating the asset limit under MA for families that meet the income eligibility criteria based on the AFDC eligibility criteria.

Specify that individuals in families that would qualify for AFDC based on their income, if that program were still operational, would be eligible for MA regardless of the family's assets. Further, modify other MA categories of eligibility based on the AFDC criteria to specify that a family's resources would not be used to determine eligibility for MA and make corresponding changes to the MA eligibility provisions. Specify that these changes would first apply to eligibility determinations made on the first day of the second month beginning after publication of the bill.

Currently, low-income families eligible for MA under the AFDC and AFDC-related criteria are required to have countable assets totaling no more than $2,000 for one person or $3,000 for a two person family. For each additional member in the family, this asset limit is increased by $300. Generally, countable assets do not include one vehicle, an individual's home, a second vehicle if it is needed for the purpose of employment or medical care, the value of a burial plot, or life insurance in an a mount not to exceed $1,500. Under MA Healthy Start criteria and BadgerCare, there is no asset limit in order for families to be eligible.

[Act 16 Sections: 1797, 1798, 1800, 1801, 1802, 1803, 1804, 1805, 1811 thru 1815, 1819, 9323(10c) and 9423(6c)]

27. MA ELIGIBILITY -- WOMEN DIAGNOSED WITH BREAST OR CERVICAL CANCER

[LFB Paper 475]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$474,200	- $96,900	$377,300
FED	1,146,800	- 200,300	946,500
Total	$1,621,000	- $297,200	$1,323,800

Governor: Provide $280,600 ($82,100 GPR and $198,500 FED) in 2001-02 and $1,340,400 ($392,100 GPR and $948,300 FED) in 2002-03 to support the costs of expanding MA eligibility to

certain women diagnosed with breast or cervical cancer. Specify that effective January 1, 2002, a woman would be eligible for all MA benefits and services if she: (a) is not otherwise eligible for MA or BadgerCare; (b) under 65 years of age; (c) is not eligible for creditable health care coverage, as defined under federal law; (d) has been screened for breast or cervical cancer under an early detection program authorized under the breast and cervical cancers preventative health grant from the U.S. Centers for Disease Control and Prevention; and (e) requires treatment for breast or cervical cancer.

Under the federal Breast and Cervical Prevention and Treatment Act of 2000, states may provide MA coverage to women who have no access to creditable health care coverage and who are under age 65 and diagnosed with breast or cervical cancer, regardless of income. States that exercise this option are eligible for enhanced federal matching funds equal to the enhanced matching rate available under the state children's health insurance program (SCHIP), currently 71.19% for Wisconsin.

Joint Finance/Legislature: Approve the Governor's recommendations, but reduce funding in the bill by $4,900 GPR and $4,900 FED in 2001-02 and $92,000 GPR and $195,400 FED in 2002-03 to reflect the estimated benefit costs of expanding MA to cover certain women diagnosed with breast or cervical cancer and to delete funding that would have been provided to support county administrative costs.

In addition, specify that a woman could be presumptively eligible for MA under this criteria, as allowed under federal law by specifying that a woman is eligible for MA, beginning on the date on which a qualified entity determines, on the basis of preliminary information, that the woman meets the criteria for MA eligibility as a woman with breast or cervical cancer. Specify that a woman's presumptive eligibility ends on one of the following dates: (a) the day on which DHFS or a county determines the woman is eligible for MA, if the woman applies to DHFS or a county department for MA before the last day of the month following the month in which the qualified entity determined the woman presumptively eligible; or (b) the last day of the month following the month in which the woman is determined presumptively eligible, if the woman does not apply to DHFS or a county for MA before that day.

Require a woman found presumptively eligible to apply for MA through DHFS or the county, no later than the last day of the month following the month in which she was found presumptively eligible. Require qualified entities to notify DHFS of a determination of presumptive eligibility no later than five days after the date on which the determination is made. Also, require the qualified entity to inform the woman at the time of the determination that she is required to apply to DHFS or a county for MA no later than the last day of the month following the month in which she is found presumptively eligible. Additionally, require DHFS to provide qualified entities with application forms for MA and information on how to assist women in completing the application form.

Specify that a qualified entity has the meaning specified in federal law, which is, any entity that is MA-certified and is determined by DHFS to be capable of making presumptive eligibility determinations.

[Act 16 Sections: 1748, 1822 and 9423(11)]

28. MA ELIGIBILITY -- INCOME LIMIT FOR MEDICALLY NEEDY RECIPIENTS [LFB Paper 481]

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR-Lapse	$0	$500,800	$500,800
GPR	$500,800	$0	$500,800
FED	706,000	- 706,000	0
Total	$1,208,800	- $706,000	$500,800

Joint Finance: Provide $500,800 GPR and $706,000 FED in 2002-03 to begin increasing the income limit for the medically needy by the increase in the consumer price index in the prior year, beginning on January 1, 2002.

Federal regulations prohibit a state from establishing a medically needy income limit that exceeds 133% of the state's AFDC payment, as of July 16, 1996, for the same family size (the standard for a two-person family can be applied to a single person). However, federal law allows states to increase the state's AFDC standard by up to the increase in the CPI since July 16, 1996. On January 1, 2000, the income limit for medically needy reached the 133% limit of $592 per month for single persons. Medically needy families with two or more persons have been subject to the same limit since 1997 ($592 per month for a two-person household). Beginning on January 1, 2002, Wisconsin would begin increasing the AFDC payment standard by the increase in the CPI in the prior year to allow the income limit for the medically needy to increase.

Assembly: Delete provision.

Senate/Legislature: Restore provision.

Veto by Governor [C-10]: Delete provision. Lapse $500,800 GPR in 2002-03 and reduce estimated federal MA benefits funding by $706,000 in 2002-03.

[Act 16 Vetoed Sections: 1797g, 1797j, 1798g, 1800m, 1804g, 1804m, 1805d, 1815g, 1815j, 9323(10d) and 9423(6c)&(6d)]

29. MA ELIGIBILITY -- TREATMENT OF IRREVOCABLE BURIAL TRUSTS [LFB Paper 476]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$207,800	- $207,800	$0
FED	293,800	- 293,800	0
Total	$501,600	- $501,600	$0

Governor: Increase MA benefits funding by $501,600 ($207,800 GPR and $293,800 FED) in 2002-03 to reflect the projected costs of increasing the maximum amount of an irrevocable burial trust that may be excluded from an MA applicant's countable assets, from $2,500 to $3,300. This change would first apply to burial trust agreements entered into on January 1, 2003.

Under current law, persons who are 65 years of age or older, blind or disabled may qualify for MA if their resources and income do not exceed specified limits. In determining whether an applicant meets the resource criteria, certain types of assets are excluded. One such excluded asset is an irrevocable trust used to fund a burial agreement with a value up to $2,500. If an applicant has an irrevocable trust with a value that exceeds $2,500, only the value of the trust that exceeds $2,500 is considered a countable asset. MA law and regulations also exempt other burial assets from countable assets, such as a burial plot of any value and funeral insurance.

Joint Finance: Delete provision.

Senate/Legislature: Increase the maximum amount of an irrevocable burial trust that may be excluded from an MA applicant's countable assets, from $2,500 to $3,000. Specify that this change would first apply to burial trust agreements entered into on July 1, 2003. Because of the initial applicability date, this change would not have a fiscal effect in the current biennium.

[Act 16 Sections: 3607, 9343(1k) and 9443(1k)]

30. ESTATE RECOVERY

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $550,100	1.00	$550,100	- 1.00	$0	0.00
FED	- 798,500	1.00	798,500	- 1.00	0	0.00
PR	1,467,400	0.00	- 1,467,400	0.00	0	0.00
Total	$118,800	2.00	- $118,800	- 2.00	$0	0.00

Governor: Provide $1,000 (-$68,500 GPR, -$95,600 FED and $165,100 PR in 2001-02) and $117,800 (-$481,600 GPR, -$702,900 FED and $1,302,300 PR) in 2002-03 and 2.0 positions (1.0 GPR position and 1.0 FED position), beginning in 2002-03, to reflect the net fiscal effect of: (a) authorizing additional staff to administer the program ($58,900 GPR and $58,900 FED in 2002-

03) and making statutory changes that would increase recoveries under the program and reduce MA benefits costs (-$68,500 GPR, -$95,600 FED and $165,100 PR in 2001-02 and -$540,500 GPR, -$761,800 FED and $1,302,300 PR in 2002-03). The bill includes the following statutory changes.

Expand Services Covered by Estate Recovery. Authorize estate recoveries for all MA services provided under the MA state plan to noninstitutionalized recipients age 55 or older. This provision would first apply to MA paid for health care services that are provided to an individual on the bill's general effective date.

Specify that if the health care services were provided by a managed care organization under a program of all-inclusive care for the elderly (PACE) or under the Wisconsin Partnership program, DHFS must calculate the amount of MA as the capitation rate that was paid on behalf of the recipient. Specify that if the health care services were provided under Family Care, DHFS must calculate the amount of MA paid as the actual cost of those health care services, as reported to DHFS by a care management organization. Finally, clarify that the estate recovery provisions under Family Care do not apply if the benefit is recoverable under the MA estate recovery provisions.

Currently, the state can only recover amounts MA paid for long-term care services (home- and community-based waiver services, home health, personal care and related inpatient hospital services and drug costs). Under current law, all MA services for institutionalized recipients are recoverable. MA benefits are recovered through two methods: (a) claims submitted against the estate during the probate process; and (b) liens filled against the recipient's home when the recipient is not reasonably expected to return home to live and there is not a spouse, minor child, or disabled child residing in the home.

Joint Finance: Delete provision. In addition, request the Joint Committee on Audit to request the Legislative Audit Bureau (LAB) to conduct a study of estate recovery that includes, but is not limited to: (a) the amount of funds recovered from nursing homes, personal care, COP, MA home- and community-based waiver programs and home health; and (b) the amount of recoveries by the size of the estate.

Senate: Increase MA benefits funding by $183,800 GPR and $274,200 FED annually to offset the loss of revenues that would result by limiting the types of services that are subject to the state's medical assistance estate recovery program to only those services that are required by federal law and regulations. Reduce estimated collections by $458,000 PR annually to reflect this change. Specify that this change would first apply to claims for recovery filed on the bill's general effective date.

Under current law, Wisconsin's estate recovery program authorizes recovery for the following services: (a) all MA benefits the recipient received while residing in a nursing home or inpatient hospital (if the recipient is considered an institutionalized recipient); (b) community-based MA waiver services received by a person age 55 or older and related inpatient hospital services and prescription drugs; and (c) home health services and personal

care services if received by a person age 55 or older. The services under (a) and (b) are required to be part of a state's recovery program while the services listed in (c) are not.

Conference Committee/Legislature: Delete the Senate provision but retain the Joint Finance provision requesting the LAB to conduct a study of the estate recovery program.

Veto by Governor [C-6]: Delete provision.

[Act 16 Vetoed Section: 9132(3w)]

31. ESTATE RECOVERY -- TRANSFERS BY AFFADAVIT

Governor/Legislature: Eliminate the current prohibition that prevents DHFS from recovering, under the MA estate recovery program, the following types of property of a decedent under the transfer by affidavit process: (a) interests in or liens on real property; (b) wearing apparel and jewelry; (c) household furniture, furnishings and appliances; and (d) motor vehicles and recreational vehicles. Instead, require DHFS to reduce the amount of any recovery under the transfer by affidavit process by up to the amount allowed ($5,000 currently) if necessary to allow the decedent's heirs or beneficiaries to retain the following personal property: (a) wearing apparel and jewelry held for personal use; (b) household furniture, furnishings and appliances; and (c) other tangible personal property not used in trade, agriculture, or other business, not exceeding the allowed amount ($3,000 currently).

In addition, authorize DHFS to: (a) place a lien on that interest in real property if the decedent does not have a surviving spouse or child who is under age 21 or disabled; and (b) place a lien on any interest in the decedent's home when an interest in real property of a decedent is transferred to an heir by affidavit. Specify that DHFS may enforce the lien by foreclosure in the same manner as a mortgage on real property, except that a lien on a decedent's home could not be enforced if the decedent has a surviving spouse or child under age 21 or disabled.

Transfers by affidavits are permitted when a decedent leaves solely owned property in the state that does not exceed $20,000 in value. DHFS may recover for services provided under MA by the transfer by affidavit process if: (a) no person files a petition for administration or summary settlement of the decedent's estate within 20 days of death; (b) the decedent is not survived by a spouse, a child who is under age 21 or a child who is disabled; and (c) the value of the property does not exceed $20,000.

[Act 16 Sections: 3843 thru 3851 and 9323(9)]

32. MA SERVICES -- CASE MANAGEMENT SERVICES FOR CHILDREN WITH ASTHMA

	Jt. Finance /Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$300,000	- $300,000	$0
FED	425,100	- 425,100	0
Total	$725,100	- $725,100	$0

Joint Finance/Legislature: Provide $150,000 GPR annually for DHFS to provide as grants to public health departments in Milwaukee County to serve as the state match for federal MA funds to support case management services for children with asthma. Increase MA benefits funding by $213,600 FED in 2001-02 and $211,500 FED in 2002-03 to reflect additional MA claiming for these case management services.

Veto by Governor [C-8]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.435(5)(ca)), 718s and 3142m]

33. MA SERVICES -- MANAGED CARE FOR DISABLED ADULTS

	Funding	Positions
GPR	- $195,900	0.50
FED	- 295,600	0.50
Total	- $491,500	1.00

Governor/Legislature: Delete $49,400 (-$16,000 GPR and -$33,400 FED) in 2001-02, and $442,100 (-$179,900 GPR and -$262,200 FED) in 2002-03, and provide 1.0 position (0.5 GPR position and 0.5 FED position), beginning in 2001-02, to expand the voluntary program for managed acute care for disabled adults to Dane, Racine, Waukesha and Kenosha Counties and to expand the current program in Milwaukee County. This item includes: (a) increased funding for program administration ($87,800 GPR and $112,800 FED in 2001-02 and $91,500 GPR and $116,400 FED in 2002-03); and (b) decreased funding for MA benefits (-$103,800 GPR and -$146,200 FED in 2001-02 and -$271,400 GPR and -$378,600 FED in 2002-03) to reflect projected savings of expanding managed care to this population.

Currently, approximately 89,000 disabled recipients between the ages of 16 and 65 receive acute care services under MA on a fee-for-service basis. Approximately 3,800 disabled persons are currently enrolled in a voluntary managed acute care program in Milwaukee County (Independent Care, or "I-Care"). The monthly payment per enrollee in the I-Care program reflects a 5% discount from the fee-for-service costs for disabled adults.

34. MA SERVICES -- COMMUNITY SERVICES DEFICIT REDUCTION BENEFIT (CSDRB)

Governor/Legislature: Delete the provision that limits the amount of federal funding allocated for reimbursement of county losses under the CSDRB to $4,500,000 annually and

specify that counties could receive CSDRB funding for losses incurred for community-based or in-home mental health services provided to individuals 21 years of age or older, community-based psycho-social benefits and residential alcohol or other drug abuse (AODA) services. In addition, repeal coverage of residential AODA services under MA on June 30, 2003, rather than July 1, 2003, as provided under current law.

The CSDRB allows county departments of public health or human services to claim federal MA matching funds to partially support operating deficits for MA-covered services provided by the counties or provided by organizations under contract with the counties. Currently, the amount of federal funding available for the CSDRB is limited to $4.5 million annually and is only available for losses associated with the provision of home health services, mental health and AODA day treatment services, personal care services, community support program services, case management services and mental health crisis intervention services.

[Act 16 Sections: 1771 thru 1774, 1791, 1806 and 9423(1)]

35. MA SERVICES -- STANDARDS FOR HEALTH MAINTENANCE ORGANIZATIONS

Joint Finance/Legislature: Require that, for contracts entered into, extended, modified or renewed beginning, January 1, 2002, health maintenance organizations (HMOs) serving MA and BadgerCare recipients within a specific zip code have a sufficient number of primary care providers available within 30 miles of that zip code to ensure MA and BadgerCare recipients enrolled in the HMO are able to adequately access services.

Low-income families and children enrolled in MA and BadgerCare are required to enroll in an HMO if they live in some counties (or zip codes within counties) and may enroll in HMOs if they live in other counties or zip codes within counties. Counties or zip codes with mandatory HMO enrollment have at least two or more participating HMOs providing services in that area. Counties and zip codes with voluntary enrollment have only one participating HMO serving that area.

Current contracts require HMOs to have a sufficient number of primary care providers within 20 miles of the zip code in which they serve MA or BadgerCare recipients living in that zip code.

Veto by Governor [C-9]: Delete provision.

[Act 16 Vetoed Sections: 1787m, 1787mg, 9323(15k) and 9423(12p)]

36. MA SERVICES -- REPORT ON IMPLEMENTATION OF PSYCHOSOCIAL SERVICES BENEFIT

Joint Finance/Legislature: Require DHFS to submit a report to the Joint Committee on Finance on the status of the implementation of the psychosocial services benefit under MA.

Require DHFS to submit the report by the first day of the sixth month following the effective date of the bill.

Psychosocial services were established as an MA benefit in 1997 Wisconsin Act 27 for MA recipients whose mental health needs require more than outpatient counseling, but less than the services provided by the community support program. Act 27 directed DHFS to establish: (a) the scope of services; (b) recipient eligibility criteria; and (c) provider certification criteria for this benefit. Act 27 specified that counties which elect to provide this benefit would be responsible for paying the state share of the MA cost for these services.

Veto by Governor [C-34]: Delete provision.

[Act 16 Vetoed Section: 9123(8d)]

37. MA ADMINISTRATION -- ELIGIBILITY [LFB Paper 1057]

	Funding	Positions
GPR	$61,320,200	10.00
FED	77,055,000	10.00
Total	$138,375,200	20.00

Governor: Provide $69,187,600 ($30,660,100 GPR and $38,527,500 FED) annually and 10.0 GPR positions and 10.0 FED positions, beginning in 2001-02, to reflect the transfer of funding and staff from DWD to DHFS for certain functions relating to eligibility determinations for MA and BadgerCare. Of the amounts provided: (a) $21,591,900 GPR and $29,459,300 FED annually would be provided to fund county costs associated with MA and BadgerCare eligibility determinations; (b) $8,368,200 GPR and $8,368,200 FED and 10.0 GPR positions and 10.0 FED positions would be provided to fund DHFS operational costs, including costs for maintaining the client assistance for reemployment and economic support (CARES) system; and (c) $700,000 GPR and $700,000 FED annually would be budgeted for outreach and other activities.

The bill also reduces DWD funding and positions to reflect this transfer of responsibilities. However, the amounts budgeted in DHFS represent an increase in federal funding budgeted for counties equal to $7,867,400 annually compared with base funding amounts budgeted in DWD. The funding and position reduction for DWD, as well as the corresponding statutory modifications, are summarized under "Workforce Development -- Economic Support and Child Care."

This item is based on a current memorandum-of-understanding between DHFS and DWD that became effective July 25, 2000, and would, therefore, not represent a change in these agencies' responsibilities relating to this function.

Joint Finance/Legislature: Adopt the Governor's recommendations with several modifications. These modifications are described under "Workforce Development -- Economic Support and Child Care."

38. MA ADMINISTRATION -- CONTRACTS AND AGREEMENTS

GPR	$1,010,700
FED	8,439,400
PR	- 600,000
Total	$8,850,100

Governor/Legislature: Provide $3,861,400 ($244,000 GPR, $3,917,400 FED and -$300,000 PR) in 2001-02 and $4,988,700 ($766,700 GPR, $4,522,000 FED and -$300,000 PR) in 2002-03 to increase funding for contracts and agreements relating to the administration of MA and BadgerCare. DHFS contracts with private organizations for claims processing, customer services, reporting and a variety of other administrative functions for MA and BadgerCare.

The funding provided in the bill reflects the following: (a) a reestimate of the fiscal agent's costs of processing claims submitted by providers ($182,700 GPR and $367,800 FED in 2001-02 and $546,800 GPR and $1,090,800 FED in 2002-03); (b) increased costs to support the Medicaid evaluation and decision support (MEDS) system ($34,800 GPR and $644,400 FED in 2001-02 and $128,000 GPR and $786,000 FED in 2002-03); (c) increased federal funding available for time studies conducted in order allocate staff time spent on activities eligible for federal MA matching funds ($2.6 million FED annually); (d) a reduction of revenue from licensing fees paid by health care facilities to reflect that the these revenues are not available to fund MA contract costs in the 2001-03 biennium (-$300,000 PR annually); and (e) miscellaneous increases for administrative costs ($26,500 GPR and $305,200 FED in 2001-02 and $91,900 GPR and $45,200 FED in 2002-03).

39. MA ADMINISTRATION -- PROVIDER FRAUD AND ABUSE [LFB Paper 478]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	- $86,600	$86,600	- $86,600	- $86,600
FED	- 120,900	120,900	- 120,900	- 120,900
Total	- $207,500	$207,500	- $207,500	- $207,500

Governor: Delete $207,500 (-$86,600 GPR and -$120,900 FED) in 2002-03 to reflect projected decreases in MA benefits costs that would result by enacting the following statutory modifications, which are intended to reduce fraud and abuse by MA providers.

Limit on the Number of Certified MA Providers. Authorize DHFS to limit the number of providers of particular MA services that may be certified, or limit the amount of resources, including employees and equipment, that a certified provider may use to provide particular services to MA recipients, if DHFS finds that: (a) existing certified providers and resources provide services that are adequate in quality and amount to meet the need of MA recipients for the particular services; and (b) the potential for MA fraud and abuse exists if additional providers are certified or additional resources are used by certified providers.

Provider Recoveries. Delete the requirement that DHFS provide an opportunity for a hearing before recovering money improperly or erroneously paid to an MA provider. Instead, require DHFS to provide an opportunity for the provider to present information and argument to DHFS staff, before DHFS could recover money improperly or erroneously paid. Require

DHFS to establish a deadline for payment of a recovery and require providers to pay interest on any delinquent recoveries at the rate of 1% per month or fraction of a month from the date of the overpayment.

Require DHFS to certify to DOR, at least annually, amounts that it has determined that it may recover from providers. However, prohibit DHFS from certifying amounts unless it has met notice requirements and its determination has either not been appealed or is no longer under appeal. Require DHFS to inform the person from whom a recovery is due that it will certify to DOR the amount that is owed so that it can be setoff from any state tax refund that may be due the person.

Fees for Repeat Offenders. Authorize DHFS, after providing reasonable notice and an opportunity for a hearing, to charge a fee to a provider that repeatedly has been subject to recoveries because of the provider's failure to follow identical or similar billing procedures or to follow other identical or similar program requirements. The fee could not exceed $1,000 or 200% of the amount of any repeated recoveries, whichever is greater. The revenue from these fees would be used to partially support the costs of conducting provider audits and investigations.

Require a provider subjected to such a fee to pay it to DHFS within 10 days after receipt of the fee notice or the final decision after an administrative hearing, whichever is later. Authorize DHFS to recover any part of a fee not paid within the 10 days by reducing any payments owed to the provider for services provided. Further, authorize DHFS to refer any such unpaid fees not recovered to the Attorney General for collection. Specify that failure to pay such a fee is grounds for decertification as an MA provider. Specify that payment of the fee does not relieve the provider of any other legal liability for recovery, but payment of the fee is not evidence of violation of a statute or rule.

Revenue received from the payment of fees charged to repeat offenders under this provision would be credited to a new PR appropriation. The ability to charge providers a fee for repeated recoveries would first apply to repeated recoveries from the identical provider that are made on the bill's general effective date.

Transfer of Business Operations. Require DHFS to require a person who takes over the operation of a provider, to first obtain certification for the provider's operation, regardless of whether the person is currently certified. Authorize DHFS to withhold the certification until any outstanding recoveries are paid. Specify that before a person takes over the operation of an MA provider that is liable for repayment of improper or erroneous payments or overpayments, full recovery of the improper or erroneous payment or overpayment must be made. Upon request, DHFS must notify the provider or the person that intends to take over the operation of the provider as to whether the provider is liable for a recovery.

If a person takes over the operation of a provider and any applicable recoveries have not been made, in addition to withholding certification as a provider, DHFS may proceed against the person taking over the provider's operation. The person taking over the provider's

operation must pay any applicable recovery in full within 30 days after the person receives notification from DHFS about any recovery. If full payment is not received within 30 days, DHFS may bring action to compel payment or decertify the person or restrict his or her participation in the MA program, or DHFS may do both.

Specify that whenever ownership of a nursing home or community-based facility is transferred to another person or persons, both the transferee and the transferor must comply with the above provisions, if the transferor was an MA provider. Under current law, only the transferee is responsible for complying with the provisions regarding recovery of payments before the transfer of a facility's ownership.

Specify that to take over of the operation of a provider would mean to obtain any of the following: (a) ownership of the provider's business or all or substantially all of the assets of the business; (b) majority control over decisions; (c) the right to any profits or income; (d) the right to contact and offer services to patients, clients, or residents served by the provider; (e) an agreement that the provider will not compete with the person at all or with respect to a patient, client, resident, service, geographical area, or other part of the provider's business; (f) the right to perform services that are substantially similar to services performed by the provider at the same location as those performed by the provider; or (g) the right to use any distinctive name or symbol by which the provider is known in connection with services to be provided by the person.

These provisions would first apply to sales or other transfers completed on the bill's general effective date.

Provider Certification. Require DHFS to decertify, or restrict a provider's participation in the MA program, if after giving reasonable notice and opportunity for a hearing, DHFS finds that the provider has violated a federal statute or regulation or a state statute or rule and the violation is by statute, regulation or rule grounds for decertification or restriction. Require DHFS to suspend the provider pending the hearing if DHFS includes in its decertification notice findings that the provider's continued participation in the MA program pending hearing is likely to lead to irretrievable loss of public funds and is unnecessary to provide adequate access to services to MA recipients. Require DHFS to issue a written decision as soon as practicable after the hearing. These provisions would first apply to violations of federal and state statutes, regulations and rules committed on the bill's general effect date. Under current law, DHFS may decertify or suspend providers, after reasonable notice and a hearing, if the provider violated a federal or state law or rule that is grounds for decertification or suspension.

Authorize DHFS to require, as a condition of certification, all providers of a specific service, to file with DHFS, a surety bond issued by a surety company licensed to do business in Wisconsin. Providers subject to this provision would be those that provide MA services for which providers have demonstrated significant potential to violate specified MA offenses, to require recovery or to need additional sanctions. Require that the surety bond be payable to DHFS in an amount that DHFS determines is reasonable in view of amounts of former recoveries against providers of the specific services and DHFS' costs to pursue those recoveries.

Require DHFS to promulgate rules to specify: (a) those MA services for which providers have demonstrated significant potential to violate specified MA offenses; (b) the amount of the surety bonds; and (c) the terms of the surety bond, including amounts, if any, without interest to be refunded to the provider upon withdrawal or decertification from the MA program.

Provider Audits and Access to Records. Permit the DHFS Secretary to authorize, rather than appoint as provided under current law, personnel to audit or investigate and report to DHFS on issues relating to violations or alleged violations of MA statutes and regulations. Authorize personnel conducting audits or investigations to have immediate access to any provider personnel, records, books or documents or other needed information. Under the written request of a person designated by the Secretary and upon presentation of the person's authorization, require providers and recipients to accord the person access to any needed patient health care records of a recipient. Under current law, authorized personnel have access to records, books, patient health care records and other documents and information.

Repeal provisions authorizing the DHFS Secretary to issue subpoenas to individuals who are required to provide specified information for the purposes of an audit, investigation, examination, analysis, review or other authorized functions relating to the program and provisions relating to the issuance and enforcement of such subpoenas. Specify that failure or refusal of a provider to accord DHFS auditors or investigators access to provider personnel, records, books, MA patient health care records, or other requested documents or records constitutes grounds for decertification or suspension of the provider from participation in MA. Specify that no payment may be made for services rendered by the provider following decertification, during the period of suspension, or during any period of provider failure or refusal to accord such access.

Joint Finance: Delete provision.

Assembly: Adopt the Governor's provision, but modify it to authorize DHFS to charge assessments, rather than fees, to providers that have repeatedly been subject to recoveries, to support the costs of audits and investigations.

Conference Committee/Legislature: Adopt the Assembly provision, except remove the provision that would have deleted a provider's opportunity for a hearing before DHFS could recover money improperly or erroneously paid to a provider.

In addition, require DHFS to promulgate rules to implement these provisions and to submit the proposed rules to the Legislative Council no later than the first day of the tenth month following the effective date of the bill. Further, specify that these provisions first apply beginning January 1, 2003.

Veto by Governor [C-7]: Delete the requirement that DHFS submit the proposed rules to the Legislative Council no later than July 1, 2002.

[Act 16 Sections: 709j, 1750d thru 1750k, 1750L thru 1750z, 1786g thru 1786k, 1838w, 1840e, 1877p, 2200b, 9323(18k)thru(18pn) and 9423(18k)]

[Act 16 Vetoed Section: 9123(15k)]

40. MA ADMINISTRATION -- PROVIDER CERTIFICATION STAFF [LFB Paper 479]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$72,300	1.00	- $72,300	- 1.00	$0	0.00
FED	72,300	1.00	- 72,300	- 1.00	0	0.00
Total	$144,600	2.00	- $144,600	- 2.00	$0	0.00

Governor: Provide $144,600 ($72,300 GPR and $72,300 FED) in 2002-03 and 2.0 positions (1.0 GPR position and 1.0 FED position), beginning in 2002-03, to address increased workload associated with the certification of MA providers. The bill would provide 2.0 auditors for the Bureau of Health Care Program Integrity to review applications for MA certification and recertification, conduct on-site reviews, verify information provided in the application and determine an applicant's ability to provide services to MA participants.

Joint Finance/Legislature: Delete provision.

41. MA ADMINISTRATION -- DHCF STAFF FUNDING CHANGE

	Funding	Positions
FED	- $255,400	- 2.25
PR	255,000	2.25
Total	- $400	0.00

Governor/Legislature: Delete $200 (-$127,700 FED and $127,500 PR) annually and convert 2.25 FED positions to 2.25 PR positions, beginning in 2001-02, to reflect a realignment of the funding sources for certain Division of Health Care Financing (DHCF) staff to more accurately reflect the staff's time spent on certain programs. Under this provision, a total of 2.25 FTE positions that are currently funded with federal MA administrative matching funds would instead be supported from: (a) fees paid for copies of vital records, such as birth certificates and marriage licenses ($66,300 PR annually); and (b) assessments paid by health care providers for health care information published by the Bureau of Health Information ($61,200 PR annually).

42. MA PAYMENT FOR A WHEELCHAIR

Assembly/Legislature: Require DHFS to purchase a customized wheelchair for a resident of the Vernon Manor nursing home in Vernon County who has cerebral palsy and for

whom a physician has determined that a customized wheelchair is necessary. Specify that this purchase would not be subject to the Department's prior authorization requirements.

According to the 2000-01 nursing home state plan, the cost of all wheelchairs, including geriatric chairs but excluding motorized wheelchairs or vehicles, are included in the nursing home payment rate. DHFS indicates that it is the responsibility of the nursing home to provide wheelchairs to its MA residents. However, DHFS may permit separate payment for a special adaptive position or electric wheelchair, while an MA recipient resides in a nursing home, if the wheelchair is prescribed by a physician and: (a) the wheelchair is personalized in nature or is custom-made for a patient and is used by the resident on an individual basis; and (b) the special adaptive positioning wheelchair or electric wheelchair is justified by the diagnosis and prognosis and the occupational or vocational activities of the recipient.

Modifications to wheelchairs purchased by a nursing home on behalf of an MA recipient can be reimbursed outside of the nursing home daily rate, as durable medical equipment (DME), subject to prior authorization requirements. DHFS is authorized, by rule, to establish prior authorization requirements for the purchase of DME, including modifications to wheelchairs.

[Act 16 Section: 9123(13b)]

Prescription Drug Assistance

1. PRESCRIPTION DRUG ASSISTANCE [LFB Papers 471 and 482]

GPR	$50,900,000

Governor: Require DHFS and DOA to engage in the following activities that are intended to provide prescription drug assistance to certain individuals.

MA Prescription Drug Assistance Project. Require DHFS to request a demonstration project waiver from the Secretary of the U.S. Department of Health and Human Services (DHHS) to permit DHFS to expand MA to certain individuals at least 65 years of age and to limit MA coverage to prescription drugs only. Specify that the project would include the following provisions.

Eligibility. Specify that individuals who are at least 65 years of age, who are otherwise ineligible for MA and whose annual household income is no more than 185% of the federal poverty level (FPL), and have been without available prescription drug coverage, other than MA, for 12 months would be eligible for prescription drug coverage under the project. Eligible individuals would be issued a prescription drug card for the purchase of prescription drugs

after applying on a form provided by DHFS and after paying a $25 annual program enrollment fee. Based on the 2001 FPL, annual household income equal to 185% of the FPL would be $15,892 for one person and $21,479 for a two-person family.

Deductibles. Specify that, once enrolled in the project, individuals would be required to pay the following deductibles before MA would provide prescription drug coverage on their behalf: (a) no deductible would be required for individuals with annual household income of no more than 110% of the FPL; (b) a $300 annual deductible would be required for individuals with annual household income above 110% of the FPL but no more than 130% of the FPL; (c) a $600 annual deductible would be required for individuals with annual household income above 130% of the FPL but no more than 155% of the FPL; and (d) a deductible equivalent to the MA reimbursement rate for each drug purchased would be required for individuals with annual household income above 155% of the FPL. All drugs purchased during the deductible period would be available to the individual at the reimbursement rate paid to pharmacies and pharmacists under MA.

For individuals enrolled in the project with household income above 155% of the FPL, the MA program would not pay a benefit on their behalf. Rather, they would only be eligible to purchase drugs at a discount from the retail price of the drugs purchased. This discount would be equivalent to the difference between the retail value of the drug purchased and the reimbursement rate paid by the MA program.

Currently, the MA reimbursement rate for prescription drugs is equivalent to the estimated acquisition cost (EAC) of the drug, plus a dispensing fee. Generally, the EAC is equivalent to the average wholesale price (AWP), as reported by manufacturers, minus 10% for brand name and not-readily available generic drugs, or the maximum allowable cost for readily-available generic drugs. On average, this reimbursement rate is equal to approximately 77% of a pharmacists' usual and customary charges, or the retail price of the drug.

Under the bill, the calculation of the EAC for brand name and not-readily available generic drugs would be modified so that the EAC would be equivalent to AWP minus 15%. The administration estimates that the MA reimbursement rates would average 74% of a pharmacist's usual and customary charges. Therefore, based on the administration's estimates, the value of the MA discount available from retail price would increase from the current 23% average discount to a 26% average discount under the bill. However, the actual discount available for the purchase of drugs during the deductible period would vary, based on the drug purchased.

Copayments. Specify that, for individuals with annual household income at or below 155% of the FPL, after payment of any required deductibles, the individual would be required to pay a copayment of $10 for each prescription drug with a generic name and a copayment of $20 for each prescription drug with a brand name. Individuals with annual household income above 155% of the FPL would be responsible for the entire cost of the drug at the MA reimbursement rate.

Reimbursement for Pharmacies and Pharmacists. Specify that, from the MA benefits appropriations, DHFS would pay pharmacies and pharmacists the MA reimbursement rate, less the required copayments, for prescription drugs purchased by individuals enrolled in MA under the waiver, after payment of any required deductible. As a condition of participation in the MA program, a pharmacy or pharmacist could not charge an individual who is eligible for MA under the waiver and that presents a valid prescription order, an amount for that prescription that exceeds the applicable deductibles and copayments.

Prohibitions on Implementation. Prohibit DHFS from implementing the MA prescription drug project unless: (a) the DHHS Secretary grants a waiver consistent with the provisions in the bill and that waiver is in effect; and (b) sufficient state and federal funds are available for the program. Specify that, if the waiver is granted and a national prescription drug benefit program for seniors is created that would provide similar benefits to a similar population, DHFS could only implement the program if it first submits a plan for implementation that is approved by DOA and the Joint Committee on Finance. Provide that the Joint Committee on Finance could approve the plan under a 14-day passive approval process. If a waiver were granted, at the end of the period the waiver would be in effect, DHFS would be required to request any available extension of the waiver.

Other Provisions. Create a PR appropriation for receipt of revenue from the $25 annual enrollment fee paid by participants and specify that this revenue would be used to pay for administration of the waiver. Additionally, define "Medicare," "pharmacy discount rate," "poverty line," "prescription drug" and "prescription order" for purposes of the project.

Specify that the provision that requires DHFS to submit a waiver request that includes all of these program components takes effect on the bill's general effective date. The administration anticipates that, if the waiver were approved, the program would be implemented by July 1, 2002.

Fiscal Effect. Although DHFS would pay pharmacies for drugs provided to program enrollees from the MA benefits appropriation, the bill does not increase MA benefits funding to make these payments. Rather, the administration assumes that DHFS would be able to demonstrate savings to the MA program, either through the creation of the drug assistance program or other initiatives implemented as part of the demonstration project.

Revenue received from the payment of the annual enrollment fee would be used to fund the on-going administrative costs of the program. The bill does not provide funding for the initial start-up costs for implementing the waiver program. The administration anticipates that DHFS would use internal resources to fund any initial start-up costs or would request the Joint Committee on Finance to transfer funds from another appropriation under s. 13.10 of the statutes. It is also anticipated that any start-up costs would be eligible for 50% federal MA matching funds.

MA Bulk Purchase and Mail Order Delivery of Prescription Drugs and Supplies. Require DHFS to work with DOA to contract with a private entity for the bulk purchase and

mail order delivery of prescription drug and medical supplies for MA recipients who have chronic conditions such as diabetes, asthma and hypertension. Specify that participation by MA recipients in the program would be voluntary. Specify that, if DHFS contracts with a private entity, the private entity would be required to administer and promote the bulk purchase and mail order delivery of prescription drugs, and telephone participants every three months to ascertain their progress in administering self-care. Specify that the bulk purchase and mail order delivery of drugs would be limited to MA-covered drugs.

Require DHFS to annually evaluate hospital and emergency room costs of MA recipients receiving prescriptions and supplies through the mail and determine the extent to which savings are achieved through the bulk purchase and delivery of prescription drugs and supplies to these individuals.

Prescription Drug Discount Program. Require DOA to contract with a private entity to administer a discount program for the purchase of prescription drugs by individuals, regardless of age or income, who pay nominal fees to the private entity. Specify that procurement provisions requiring state agencies to first obtain materials and services produced by prison industries and work centers for the severely handicapped when procuring contracts would not apply to this contract. Prescription drugs covered under this program would be limited to MA-covered drugs.

Promotion of Prescription Drug Assistance Plans and Federal Discounts. Require DHFS to conduct the following activities in order to promote private prescription drug assistance plans for individuals and access to federal discounts for prescription drugs for certain providers.

Promotion of Private Assistance Plans. Require DHFS, together with DOA, to promote private prescription drugs assistance plans in health information and on the state's Internet site. DHFS would promote plans that include offers by prescription drug manufacturers of specific no-cost or reduced-cost prescription drugs and private plans that offer prescription drug discounts to members.

Promotion of Federal Discounts on Prescription Drugs Available to Certain Providers. Require DHFS to inform those entities, including tribes and federally qualified health centers (FQHCs), that are eligible for a federal prescription drug discount about their eligibility for and the benefits of participating in the federal discount program and provide technical assistance to those entities in applying for and implementing the federal discount benefit. Further, require DHFS to analyze health care data in the state to identify areas that could be eligible for and benefit from the establishment of an FQHC and provide entities in those areas with information about and technical assistance in developing an FQHC.

Under federal law, certain health care providers receiving federal funds, such as FQHCs, family planning projects, certain hospitals serving a disproportionate share of MA recipients and low-income persons, entities providing services for the treatment of sexually transmitted diseases or tuberculosis and other entities are eligible to purchase prescription and over-the-

counter drugs from manufacturers at a discount based on the value of rebates available under MA.

Multistate Purchasing of Prescription Drugs. Require DOA and DHFS to work together and in conjunction with other states and associations, to develop a multistate purchasing group for direct negotiation with prescription drug manufacturers to obtain rebate agreements, modeled in part, on the federal rebate agreements negotiated on behalf of states, for prescription drugs purchased under MA. Require that these rebate agreements must result, on average, in larger rebate amounts than received under the current rebate agreements negotiated on behalf of states.

Joint Finance: Delete the Governor's recommendation. Instead, reserve $44.0 million GPR in 2002-03 in the general fund to be used for a prescription drug assistance program. No appropriation or statutory language is associated with this provision.

Senate: Create a prescription drug assistance program, effective September 1, 2002. Provide $65.9 million GPR in 2002-03 to fund estimated benefits under the program that would be supported from a new, sum sufficient appropriation in DHFS. Additionally, provide $2.0 million GPR in 2001-02 to support initial start-up costs related to the program. Of this amount, $1.0 million would be budgeted in a DHFS general program operations appropriation. The other $1.0 million GPR would be budgeted in the Joint Committee on Finance supplemental appropriation for release to DHFS under a 14-day passive approval process.

Program Eligibility. Specify that a person could enroll in the prescription assistance program if he or she: (a) is a state resident who is at least 65 years of age; (b) is not enrolled in the state's MA program; (c) has annual household income, as determined by the DHFS, at or below 300% of the federal poverty level (FPL) based on the size of the person's eligible family; and (d) pays an annual $20 enrollment fee. Individuals with prescription drug coverage under other plans would be eligible to enroll, but specify that the program would only cover eligible costs not covered under other plans.

In 2001, 300% of the FPL is equal to $25,770 annually for an individual and $34,830 annually for a two-person family. In addition, specify that individuals with annual household incomes above 300% of the FPL but who meet the other eligibility criteria would be eligible to enroll in the program if, after deducting their out-of-pocket costs for prescription drugs covered under the program from their income, they have income at or below 300% of the FPL. These individuals are referred to as persons that "spend down" to the income eligibility limit.

Enrollee Cost-Sharing and Benefits. Require individuals to pay a $20 enrollment fee for each 12-month benefit period as a condition of enrollment. Also, require individuals to pay a $500 deductible per person for each 12-month benefit period. After meeting the deductible, require enrollees to pay a copayment of $10 for each prescription for a brand name drug and $5 for each prescription for a generic drug for the duration of the 12-month benefit period. Specify that individuals with annual household income at or below 175% of the FPL would not be required to pay the $500 deductible, but would be responsible for the required copayments.

Beginning September 1, 2002, as a condition of participating in the MA program, prohibit pharmacies from charging enrollees an amount that exceeds the program payment rate (105% of the MA rate) plus the MA dispensing fee, for drugs purchased during the annual deductible period. After an enrollee meets the deductible, require the pharmacy to only charge the applicable copayments for the duration of the enrollee's 12-month benefit period. Prohibit pharmacies from charging enrollees more than the pharmacist's retail price for drugs while an enrollee is spending down to the income limit. Once these enrollees reach the income limit, require them to meet the $500 annual deductible. After an enrollee meets the annual deductible, require him or her to pay only the applicable copayments. Require DHFS to calculate and transmit to pharmacies and pharmacists certified under MA the amounts that would be used to calculate these charges to enrollees. Require DHFS to periodically update the information and transmit the updated amounts to pharmacies and pharmacists.

Require DHFS to monitor pharmacies' compliance with providing discounted rates to program enrollees for drugs purchased under the program and to submit an annual report to the Legislature concerning compliance. Specify that the report would also include information on any pharmacies or pharmacists that discontinue participation in the MA program and the reasons for the discontinuance.

Payments to Pharmacies. Beginning September 1, 2002, require DHFS to reimburse pharmacies for drugs provided to enrollees who have met their deductible at a rate equal to 105% of the reimbursement rate paid to pharmacies for an identical drug under MA, less the copayment paid by the enrollee, plus a dispensing fee equal to the MA dispensing fee. Specify that pharmacies may also be eligible for incentive payments pharmacies may receive under the MA program. Specify that DHFS would support these payments to pharmacies with a combination of GPR funds and rebate revenue collected from manufacturers. This reimbursement rate is estimated to be equivalent to an average of 79.5% of a pharmacy's usual and customary charges (the retail price of the drug), based on the MA reimbursement rate for prescription drugs recommended by Joint Finance. Require DHFS to devise and distribute claim forms for use by pharmacies and pharmacists. Authorize DHFS to apply the same utilization and cost control procedures to this program that it applies under MA.

Manufacturer Rebates. Specify that the program would provide coverage only for drugs produced by manufacturers that enter into rebate agreements with the state. Require DHFS, or an entity with which DHFS contracts, to provide drug manufacturers with documents modeled on the rebate agreements manufacturers make under federal MA law. Specify that these documents would be designed for use by the manufacturer in entering into a rebate agreement with DHFS. Specify that such an agreement would require that the manufacturer make rebate payments for each prescription drug of the manufacturer that is prescribed for and purchased by: (a) enrollees who do not spend down to become eligible for the program; and (b) enrollees who spend down for the program, after they have spent down to the income limit. Require manufacturers to make these rebate payments to the state each calendar quarter, or according to a schedule established by DHFS. Specify that the amount of the rebate payment would be

determined by the same method for determining a manufacturer's rebate payments under the federal MA program.

DHFS Responsibilities. Assign DHFS several specific responsibilities relating to the administration of the program.

First, require DHFS to promulgate rules that specify the criteria that would be used to determine household income for the purposes of making eligibility determinations and exempting enrollees with income at or below 175% of the FPL from the deductible.

Second, require DHFS to promulgate rules relating to prohibitions on fraud that are substantially similar to the prohibitions that apply under the MA program. Specify that persons convicted of violating a rule in connection with that person's furnishing of prescription drugs could be fined up to $25,000, imprisoned for up to seven years and six months, or both. Persons convicted of violating other rules promulgated by DHFS could be fined up to $10,000, imprisoned up to one year, or both.

Third, require DHFS to devise and distribute application forms for the program, determine applicants' eligibility for each 12-month benefit period and issue drug cards that enrollees would use to purchase drugs under the program.

Fourth, if federal law were amended to provide coverage for prescription drugs for outpatient care as a benefit under Medicare or to provide similar coverage under another program, require DHFS to submit to the appropriate standing committees of the Legislature a report that contains an analysis of the differences between such a federal program and the new state prescription assistance program, and provides recommendations concerning alignment, if any, of the differences.

Finally, permit DHFS to contract with an entity to perform the responsibilities assigned to DHFS, other than monitoring pharmacies' compliance with the law, the promulgation of rules and notifying the Legislature of changes in federal law regarding coverage of prescription drugs.

Notification to Medicare Enrollees. Require DHFS, before January 1, 2002, to notify by mail all Wisconsin residents enrolled in Medicare as a result of a disability and who are not enrolled in the health insurance risk-sharing plan (HIRSP) that they may be eligible for HIRSP and how to apply for coverage under HIRSP. This provision would only apply to the extent permitted under federal law.

Effective Date. Specify that all of the provisions would take effect on the second day after the publication of the biennial budget act, except that GPR funding to reimburse pharmacies for claims they submit for drugs purchased by program enrollees would first be available on September 1, 2002. Additionally, limits on how much pharmacies could charge program participants would not take effect September 1, 2002.

Fiscal Effect for Program Benefits. The provisions would create a GPR sum sufficient appropriation, which, together with program revenue derived from manufacturers' rebate revenue, would fund claims submitted by pharmacies for drugs purchased by enrollees who have met their deductibles. Consequently, the actual GPR benefits expenditures for the program would be based on claims submitted by pharmacies and would not be limited to a sum certain amount of funding established by the Legislature.

It is estimated that program benefits costs would be approximately $102.9 million GPR annually. Based on the September 1, 2002, effective date, it is estimated that GPR expenditures for benefits paid under this program would total $65.9 million in 2002-03.

Fiscal Effect for Administration. Provide $1.0 million GPR in 2001-02 for DHFS to support the administrative costs to implement the prescription drug assistance program. Provide an additional $1.0 million GPR in the Joint Committee on Finance program supplements appropriation in 2001-02 to fund additional costs associated with the administration of the program. Before July 1, 2002, require DHFS to develop and submit a plan to DOA for the proposed expenditure of funds provided in the Committee's appropriation. Specify that DOA could approve, disapprove or modify the plan. If DOA modified or approved the plan, require DOA to forward the plan to the Co-Chairs of the Committee along with any modifications. Prohibit the Secretary of DOA from approving the transfer of funds from the Committee's appropriation and approving any position authority included in the plan unless the Committee approves the plan under the 14-day passive approval process.

Specify that revenue received from the $20 annual enrollment fee paid by participants would fund ongoing administrative costs for the program.

Assembly: Create a prescription drug assistance program, effective September 1, 2002. Provide $34.1 million GPR in 2002-03 to fund: (a) benefits that would be paid under the new prescription drug assistance program in 2002-03 ($16.9 million); (b) estimated increased costs to the MA program in 2002-03 as a result of prohibiting expansion of the use of prior authorization for drugs purchased under MA ($16.0 million); and (c) estimated costs to expand MA eligibility for elderly, blind and disabled individuals to 100% of the FPL ($1.2 million GPR). In addition, provide $2.0 million GPR in 2001-02 for initial start-up costs for the new program.

This item would: (1) create a state prescription drug assistance program; (2) expand MA eligibility to include elderly, blind and disabled individuals with income up to 100% of the FPL based on the size of the person's eligible family; and (3) prohibit DHFS from expanding prior authorization for certain drugs purchased under MA. Each of these components is described below.

State Prescription Drug Program

Program Eligibility. Specify that a person could enroll in the prescription assistance program if he or she: (a) is a state resident who is at least 65 years of age; (b) is not enrolled in the state's

MA program; (c) has annual household income, as determined by DHFS, at or below 185% of the FPL based on the size of the person's eligible family; and (d) pays an annual $25 enrollment fee. Individuals with prescription drug coverage under other plans would be eligible to enroll, but specify that the program would only cover eligible costs not covered under other plans.

In 2001, 185% of the FPL is equal to $15,892 annually for an individual and $21,479 annually for a two-person family.

Enrollee Cost-Sharing and Benefits. Require individuals to pay a $25 enrollment fee for each 12-month benefit period as a condition of enrollment. Also, require individuals to pay an $840 deductible per person for each 12-month benefit period. After meeting the deductible, require enrollees to pay a copayment of $20 for each prescription for a brand name drug and $10 for each prescription for a generic drug for the duration of the 12-month benefit period.

Beginning September 1, 2002, as a condition of participating in the MA program, prohibit pharmacies from charging enrollees an amount that exceeds the average wholesale price, minus 5% or the maximum allowable cost, as determined by DHFS, whichever is less, plus the MA dispensing fee, for drugs purchased during the deductible period. This charge is estimated to be equivalent to an average of 82% of a pharmacist's usual and customary charges (the retail price of the drug). After an enrollee meets the deductible, require the pharmacy to only charge the applicable copayments for the duration of the enrollee's 12-month benefit period. Require DHFS to calculate and transmit to pharmacies and pharmacists certified under MA the amounts that would be used to calculate these charges to enrollees. Require DHFS to periodically update the information and transmit the updated amounts to pharmacies and pharmacists.

Require DHFS to monitor pharmacies' compliance with providing discounted rates to program enrollees for drugs purchased under the program according to a method established by rules promulgated by DHFS and to submit an annual report to the Legislature concerning compliance. Specify that the report would also include information on any pharmacies or pharmacists that discontinue participation in the MA program and the reasons for the discontinuance.

Payments to Pharmacies. Beginning September 1, 2002, require DHFS to reimburse pharmacies for drugs provided to enrollees who have met their deductible at a rate equal to the average wholesale price, minus 5%, or the maximum allowable cost, less the copayment paid by the enrollee, plus a dispensing fee equal to the MA dispensing fee. Specify that DHFS would support these payments to pharmacies with a combination of GPR funds and rebate revenue collected from manufacturers. This reimbursement rate plus the applicable copayment is estimated to be equivalent to an average of 82% of the retail price of the drug. Require DHFS to devise and distribute claim forms for use by pharmacies and pharmacists.

Manufacturer Rebates. Specify that the program would provide coverage only for drugs produced by manufacturers that enter into rebate agreements with the state. Authorize DHFS, or an entity with which DHFS contracts, to enter into a rebate agreement with drug manufacturers

that is modeled on the rebate agreements manufacturers make under federal MA law. Specify that such an agreement would require that the manufacturer make rebate payments for each prescription drug of the manufacturer that is prescribed for and purchased by program participants. Require manufacturers to make these rebate payments to the state each calendar quarter, or according to a schedule established by DHFS. Specify that the amount of the rebate payment would be determined by the same method for determining a manufacturer's rebate payments under the federal MA program.

Utilization and Cost Controls. Authorize DHFS to apply the same utilization and cost control procedures to this program that it applies under MA, except that for the period August 30, 2002 through August 30, 2004, prohibit DHFS from subjecting drugs produced by manufacturers that enter into rebate agreements to prior authorization requirements beyond those MA prior authorization requirements in effect as of September 1, 2002.

DHFS Responsibilities. Assign several specific responsibilities to DHFS relating to the administration of the program, as follows:

First, require DHFS to promulgate rules that specify the criteria that would be used to determine household income for the purposes of making eligibility determinations.

Second, require DHFS to promulgate rules relating to prohibitions on fraud that are substantially similar to the prohibitions that apply under the MA program. Specify that persons convicted of violating a rule in connection with that person's furnishing of prescription drugs could be fined up to $25,000, imprisoned for up to seven years and six months, or both. Specify that persons convicted of violating other rules promulgated by DHFS could be fined up to $10,000, imprisoned up to one year, or both.

Third, require DHFS to devise and distribute application forms for the program, determine applicants' eligibility for each 12-month benefit period and issue drug cards that enrollees would use to purchase drugs under the program.

Fourth, if federal law were amended to provide coverage for prescription drugs for outpatient care as a benefit under Medicare or to provide similar coverage under another program, require DHFS to submit to the appropriate standing committees of the Legislature a report that contains an analysis of the differences between such a federal program and the new state prescription assistance program, and provides recommendations concerning alignment, if any, of the differences.

Finally, permit DHFS to contract with an entity to perform the responsibilities the proposal assigns to DHFS, other than monitoring pharmacies' compliance with the law, the promulgation of rules and notifying the Legislature of changes in federal law regarding coverage of prescription drugs.

MA Prior Authorization

The provision would limit the expansion of prior authorization requirements under the MA program. For the two-year period from August 30, 2002 until September 1, 2004, prohibit DHFS from subjecting drugs produced by manufacturers that enter into rebate agreements for the state program created in the amendment, to MA prior authorization requirements beyond those requirements that are in effect on September 1, 2002. Specify that these same criteria would be applied for prior authorization requirements under the state prescription drug program created in the provision. Provide $16.0 million GPR and $23.0 million FED in 2002-03 to reflect the estimated increase in MA costs as a result of this item.

MA Expansion for the Elderly, Blind and Disabled

Specify that individuals age 65 years or older or individuals that are blind or disabled (as defined for purposes of the federal supplemental security income program) would be eligible for MA if their countable household income does not exceed 100% of the FPL. Based on the 2001 FPL, 100% of the FPL would be equal to $716 monthly for an individual and $968 monthly for a two-person family. Currently under MA, the income eligibility for elderly, blind and disabled individuals is limited to $614 for one person and $928 for two persons. These equal approximately 86% and 96% of the FPL, respectively. Maintain the current asset limit for these individuals at $2,000 in countable assets for one person and $3,000 in countable assets for two people in a family. Specify that this provision would first apply to MA eligibility determinations made beginning July 1, 2002.

Fiscal Estimate

The estimated GPR cost of the provision would total $43.6 million GPR on an ongoing basis. This estimate reflects both the estimated annualized cost of providing benefits under the prescription drug program ($26.4 million GPR) and the estimated increase in costs that the MA program would occur as a result of the provisions that would prohibit expansion of prior authorization under MA and would expand MA eligibility for elderly, blind and disabled individuals ($17.2 million GPR and $24.8 million FED).

Provide $2.0 million GPR in 2001-02 and $34.1 million GPR in 2002-03 to fund the estimated costs in the 2001-03 biennium.

Program Benefits. Provide $16.9 million GPR in 2002-03 in a new, GPR sum certain appropriation, which, together with program revenue derived from manufacturers' rebate revenue, would fund claims submitted by pharmacies for drugs purchased by enrollees who have met their deductibles. The item does not specify what action would be taken if the funding provided for the program is not sufficient to meet the actual demand for the program. Among the actions that could be taken if actual demand exceeds the funding appropriated, includes the establishing of waiting lists or DHFS could seek legislation appropriating additional funding for the program.

Administration. Provide $2.0 million GPR in 2001-02 in the Joint Committee on Finance program supplements appropriation to support the administrative costs to implement the prescription drug program. Require DHFS to develop and submit a plan to DOA for the proposed expenditure of funds provided in the Committee's appropriation. Specify that DOA could approve, disapprove or modify the plan. If DOA modified or approved the plan, require DOA to forward the plan to the Co-Chairs of the Committee along with any modifications. Prohibit the Secretary of DOA from approving the transfer of funds from the Committee's appropriation and approving any position authority included in the plan unless the Committee approves the plan under the 14-day passive approval process.

Specify that revenue received from the $25 annual enrollment fee paid by enrollees would fund ongoing administrative costs for the program.

MA Prior Authorization. Based on an analysis of anticipated drugs that will be introduced in the market over the next couple of years and drugs that will be no longer be manufactured under patented formulas over the next few years, it is estimated that the cost of prohibiting the expansion of the MA prior authorization requirements for prescription drugs for the period September 1, 2002 through August 30, 2004 would increase MA expenditures by approximately $39.0 million ($16.0 million GPR and $23.0 million FED) annually. It is assumed that these increased costs would be incurred only for the period in which the prohibition is in effect. This estimate is based on the assumption that all manufacturers that currently have rebate agreements in effect under the MA program would also participate in the prescription drug program created in the proposal.

MA Eligibility Expansion. It is estimated that the cost to expand MA eligibility to elderly, blind and disabled individuals with incomes at or below 100% of the FPL would cost approximately $3.0 million ($1.2 million GPR and $1.8 million FED) annually. Currently, individuals with income that exceeds the current income limit, but does not exceed 100% of the FPL are only eligible for limited benefits under MA. These benefits include reimbursement of their Medicare premiums, copayments and deductibles. They are not eligible for all of the services available to MA recipients including prescription drug coverage.

Conference Committee/Legislature: Create a prescription drug assistance program, effective September 1, 2002. Provide $2.0 million GPR in 2001-02 to support initial start-up costs ($1.0 million in DHFS and $1.0 million in the Joint Committee on Finance supplemental appropriation) and $49.9 million GPR in 2002-03 to fund estimated benefits that would be funded from a new, biennial sum certain appropriation in DHFS.

Require DHFS to seek a federal demonstration project waiver from the Secretary of the U.S. Department of Health and Human Services to expand MA to certain individuals who are at least 65 years of age and to limit benefits for this group of MA recipients to coverage of prescription drugs only. Prohibit DHFS from implementing the waiver unless it meets the specifications of the prescription drug assistance program that would be created in the bill. Further, require DHFS to implement the prescription drug assistance program that would be

created in the bill, beginning September 1, 2002, regardless of whether approval of the MA waiver were received.

Additionally, if GPR funding budgeted for program benefits is completely expended, require DHFS to continue accepting applications and determining eligibility for program participation and require DHFS to indicate to applicants that program benefits are conditioned on the availability of funding. Further, specify that the following requirements do not apply for drugs purchased during any time period in which funding for the program is completely expended: (a) the requirement that DHFS pay pharmacies for drugs purchased under the program; (b) the requirement that pharmacies not charge program participants more than the program payment rate; and (c) the requirement that manufacturers pay rebates for drugs purchased under the program.

The following section summarizes the various features of the prescription drug assistance program.

Program Eligibility. Specify that a person could enroll in the prescription assistance program if he or she: (a) is a state resident who is at least 65 years of age; (b) is not enrolled in the state's MA program; (c) has annual household income, as determined by the DHFS, at or below 240% of the FPL based on the size of the person's eligible family; and (d) pays an annual $20 enrollment fee. Individuals with prescription drug coverage under other plans would be eligible to enroll, but specify that the program would only cover eligible costs not covered under other plans. In 2001, 240% of the FPL is equal to $20,616 annually for an individual and $27,864 annually for a two-person family.

In addition, specify that individuals with annual household incomes above 240% of the FPL but who meet the other eligibility criteria would be eligible to enroll in the program if, after deducting their out-of-pocket costs for prescription drugs covered under the program from their income, they have income at or below 240% of the FPL. These individuals are referred to as persons that "spend down" to the income eligibility limit.

Enrollee Cost-Sharing and Benefits. Require individuals to pay a $20 enrollment fee for each 12-month benefit period as a condition of enrollment. Require individuals to pay a $500 annual deductible per person for each 12-month benefit period. After meeting the annual deductible, require enrollees to pay a copayment of $15 for each prescription for a brand name drug and $5 for each prescription for a generic drug for the duration of the 12-month benefit period. Specify that individuals with annual household income at or below 160% of the FPL would not be required to pay the $500 deductible, but would be responsible for the required copayments.

Beginning September 1, 2002, as a condition of participating in the MA program, prohibit pharmacies from charging enrollees an amount that exceeds the program payment rate (105% of the MA product rate plus the MA dispensing fee), for drugs purchased during the annual deductible period. After an enrollee meets the deductible, specify that the pharmacy could only

charge the applicable copayments for the duration of the enrollee's 12-month benefit period. Prohibit pharmacies from charging enrollees more than the pharmacist's retail price for drugs while an enrolled is spending down to the income limit. Once these enrollees reach the income limit, require them to pay the $500 annual deductible. After meeting the $500 annual deductible, require these individuals to pay only the applicable copayments.

Require DHFS to calculate and transmit to pharmacies and pharmacists certified under MA, the amounts that would be used to calculate these charges to enrollees. Require DHFS to periodically update the information and transmit the updated amounts to pharmacies and pharmacists.

Require DHFS to monitor pharmacies' compliance with providing discounted rates to program enrollees for drugs purchased under the program and to submit an annual report to the Legislature concerning compliance. Specify that the report would also include information on any pharmacies or pharmacists that discontinue participation in the MA program and the reasons for the discontinuance.

Payments to Pharmacies. Beginning September 1, 2002, require DHFS to reimburse pharmacies for drugs provided to enrollees who have met their deductible if required, at a rate equal to 105% of the reimbursement rate paid to pharmacies for an identical drug under MA, less the copayment paid by the enrollee, plus a dispensing fee equal to the MA dispensing fee. This reimbursement rate is estimated to be equivalent to an average of 80.75% of a pharmacy's usual and customary charges (the retail price of the drug), based on the MA reimbursement rate for prescription drugs included in the bill. Require DHFS to devise and distribute claim forms for use by pharmacies and pharmacists. Specify that pharmacies may also be eligible for incentive payments pharmacies may receive under the MA program.

Create two appropriations to support payments to pharmacies, one GPR sum certain appropriation and a PR appropriation for rebate revenue collected from manufacturers. Authorize DHFS to apply the same utilization and cost control procedures to this program that it applies under MA.

Manufacturer Rebates. Specify that the program would provide coverage only for drugs produced by manufacturers that enter into rebate agreements with the state. Require DHFS, or an entity with which DHFS contracts, to provide drug manufacturers with documents modeled on the rebate agreements manufacturers make under federal MA law. Specify that these documents would be designed for use by the manufacturer in entering into a rebate agreement with DHFS. Specify that such an agreement require the manufacturer to make rebate payments for each prescription drug of the manufacturer that is prescribed for and purchased by: (a) enrollees who do not spend down to become eligible for the program; and (b) enrollees who spend down for the program, after they have spent down to the income limit. Specify that the agreement require manufacturers to make these rebate payments to the state each calendar quarter, or according to a schedule established by DHFS and that the amount of the rebate

payment would be determined by the same method for determining a manufacturer's rebate payments under the federal MA program.

DHFS Responsibilities. Assign DHFS several specific responsibilities relating to the administration of the program.

First, require DHFS to promulgate rules that specify the criteria that would be used to determine household income for the purposes of making eligibility determinations and exempting enrollees with income at or below 160% of the FPL from the deductible.

Second, require DHFS to promulgate rules relating to prohibitions on fraud that are substantially similar to the prohibitions that apply under the MA program. Specify that persons convicted of violating a rule in connection with that person's furnishing of prescription drugs could be fined up to $25,000, imprisoned for up to seven years and six months, or both. Specify that persons convicted of violating other rules promulgated by DHFS could be fined up to $10,000, imprisoned up to one year, or both.

Third, require DHFS to devise and distribute application forms for the program, determine applicants' eligibility for each 12-month benefit period and issue drug cards that enrollees would use to purchase drugs under the program.

Fourth, if federal law were amended to provide coverage for prescription drugs for outpatient care as a benefit under Medicare or to provide similar coverage under another program, require DHFS to submit to the appropriate standing committees of the Legislature a report that contains an analysis of the differences between such a federal program and the new state prescription assistance program, and provides recommendations concerning alignment, if any, of the differences.

Finally, authorize DHFS to contract with an entity to perform the responsibilities assigned to DHFS, other than monitoring pharmacies' compliance with the law, the promulgation of rules and notifying the Legislature of changes in federal law regarding coverage of prescription drugs.

Effective Date. Specify that all of the provisions take effect on the second day after the publication of the biennial budget act, except that GPR funding to reimburse pharmacies for claims they submit for drugs purchased by program enrollees would first be available on September 1, 2002 and limits on how much pharmacies could charge to program participants would not take effect until September 1, 2002.

Fiscal Effect for Program Benefits. Provide $49.9 million GPR in 2002-03 in a new biennial, sum certain appropriation based on the estimated cost of benefits that would be paid in 2002-03 under the program. It is estimated that program benefits costs would total approximately $78.0 million GPR annually.

Fiscal Effect for Administration. Provide DHFS $1.0 million GPR in 2001-02 to support the administrative costs to implement the prescription drug assistance program. Additionally, provide $1.0 million GPR in the Joint Committee on Finance program supplements appropriation in 2001-02 to fund additional costs associated with the administration of the program. Require DHFS, before July 1, 2002, to develop and submit a plan to DOA for the proposed expenditure of funds provided in the Committee's appropriation. Specify that DOA could approve, disapprove or modify the plan. If DOA modified or approved the plan, require DOA to forward the plan to the Co-Chairs of the Committee along with any modifications. Prohibit the Secretary of DOA from approving the transfer of funds from the Committee's appropriation and approving any position authority included in the plan unless the Committee approves the plan under the 14-day passive approval process.

Create a PR appropriation to support ongoing administrative costs for the program and specify that revenue received from the $20 annual enrollment fee paid by participants would be deposited in this appropriation.

The following table compares the various features of the prescription drug assistance program included in Act 16 with the provisions in the Assembly and Senate versions of the budget.

Comparison of Prescription Drug Assistance Provisions

	Assembly	Senate	Act 16
Income Eligibility Limit	185% of the FPL	300% of the FPL	240% of the FPL
Spend Down Provision	No provision	Yes	Yes
Annual Deductible	$840	$500	$500
Income at which Individuals are Exempt from the Deductible	No provision	175% FPL or less	160% FPL or less
Copayment			
Generic Drugs	$10	$5	$5
Brand Name Drugs	$20	$10	$15
Limit on Expansion of Prior Authorization under MA	Yes	No provision	No provision
Expansion of MA Eligibility to 100% of the FPL	Yes	No provision	No provision
Enrollment Fee	$25	$20	$20
Pharmacy Reimbursement Rate	AWP-5% or MAC	MA Rate +5%	MA Rate +5%
(Est. % of the Retail Price)	82%	79.5%	80.75%
Estimated GPR Annualized Cost ($ in Millions)	$43.6	$102.9	$78.0

	Assembly	Senate	Act 16
Estimated GPR Cost in 2001-03 ($ in Millions)	$36.1	$67.9	$51.9
Estimated Number of Eligible Individuals	170,000	335,000	260,000
Requirement to Seek a Federal MA Waiver	No provision	No provision	Yes
Appropriation Type	Sum Certain	Sum Sufficient	Sum Certain
Limit on Benefits if Funding is Insufficient	No provision	No provision	Yes
Notification to Certain Medicare Beneficiaries	No provision	Yes	No provision

[Act 16 Sections: 707u, 711g, 711h, 1838gb, 9123(16h) and 9423(19h)]

Health

1. HIRSP FUNDING [LFB Paper 490]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $3,800,000	$0	- $3,800,000
SEG	58,653,200	- 6,198,800	52,454,400
Total	$54,853,200	- $6,198,800	$48,654,400

Governor: Provide $25,907,000 (-$1,900,000 GPR and $27,807,000 SEG) in 2001-02 and $28,946,200 (-$1,900,000 GPR and $30,846,200 SEG) in 2002-03 to modify funding for the health insurance risk-sharing plan (HIRSP) as follows.

Benefits Reestimate. Provide $26,543,800 SEG in 2001-02 and $29,435,700 SEG in 2002-03 to reflect reestimates of the costs of services that will be paid by the plan for HIRSP enrollees. The bill would provide a total of $73,212,300 SEG in 2001-02 and $76,104,200 SEG in 2002-03 to fund HIRSP benefits costs. The reestimate primarily reflects projected increases in enrollment, as well as increases in the average costs per enrollee and increased costs relating to a change in the way HIRSP reimburses hospitals for outpatient costs.

Administration. Provide $1,263,200 SEG in 2001-02 and $1,410,500 SEG in 2002-03 to increase funding for the administration of the plan, so that a total of $5,726,700 SEG in 2001-02 and $5,715,900 SEG in 2002-03 would be budgeted for this purpose. Funding budgeted for administration supports contracted services with the plan administrator to perform claims

processing, enrollment, reporting and other functions, as well as DHFS staff that support the program.

GPR Supplement. Delete $1,900,000 GPR annually to reduce GPR support for the program. The bill would provide $10,780,000 GPR annually to support HIRSP, of which $10.0 million would be used to offset total plan costs and $780,000 would be used to partially support the costs of premium and deductible subsidies for HIRSP enrollees with income below $25,000 annually. The remaining costs are funded from premiums paid by enrollees, assessments paid by health insurers operating in the state and reduced payments for providers.

Joint Finance: Reduce funding by $11,449,700 SEG in 2001-02 and increase funding by $5,250,900 SEG in 2002-03. This item includes: (a) reestimates of funding for benefits (-$10,661,000 SEG in 2001-02 and $6,482,800 SEG in 2002-03), so that a total of $62,551,300 SEG in 2001-02 and $81,355,100 SEG in 2002-03 would be budgeted for HIRSP benefits; (b) reduced funding for program administration (-$788,700 SEG in 2001-02 and -$1,231,900 SEG in 2002-03), compared to the funding amounts recommended by the Governor.

Senate: Provide $1,900,000 GPR annually to maintain base GPR funding that supports HIRSP benefit costs. The Joint Finance Committee included the Governor's recommendation to reduce GPR support for HIRSP from $11.9 million annually to $10 million annually.

Conference Committee/Legislature: Restore Joint Finance provision.

2. HIRSP CASE MANAGEMENT PILOT

SEG	$450,000

Joint Finance/Legislature: Increase funding budgeted for HIRSP administration by $450,000 in 2002-03 for DHFS to contract for community-based case management services for up to 300 HIRSP enrollees as part of a three-year demonstration pilot, beginning July 1, 2002.

Require HIRSP enrollees participating in the pilot to meet one or more of the following criteria: (a) be diagnosed with a chronic disease; (b) be actively taking two or more prescribed medications; and (c) have been presented for care at a hospital emergency room two or more times or have had two or more inpatient hospital admissions within a six-month period.

Require DHFS to ensure that all eligible persons are advised in a timely manner of the opportunity to participate in the pilot and how to apply for participation. If more than 300 eligible persons apply, require DHFS to select participants based on standards developed by DHFS. Specify that preference would be given to participants who reside in a medically underserved area or health professional shortage area.

Specify that enrollees would voluntarily participate in the program. Specify that services provided under the pilot would include; (a) an initial intake assessment; (b) development of a treatment plan based on best practices; (c) coordination of health care services; (d) patient

education; (e) family support; and (f) monitoring and reporting of patient outcomes and costs. Specify that services would be provided by a team of a nurse case manager, a pharmacist and a social worker working collaboratively with the enrollee's primary care physician or provider.

Require that organizations eligible to participate in the pilot meet the following criteria: (a) be a private, not-for-profit integrated health care system that provides access to health care in a health professional shortage area or medically underserved area; (b) have an existing community-based case management program operating within an integrated health care system with demonstrated successful client and program outcomes; and (c) demonstrate an ability to assemble and coordinate an interdisciplinary team of health care professionals, including physicians, nurses and pharmacists for assessment of a participant's treatment plan.

Require DHFS to evaluate the pilot by conducting a study comparing health care outcomes and cost avoidance associated with the pilot and report the results of the study to the Governor and the Legislature. Specify that the study would measure the utilization of services, including inpatient hospital days, rates of hospital readmission within 30 days for the same diagnosis and prescription drug utilization and cost for the pilot participants and compare this utilization with a similarly comparable population.

[Act 16 Section: 2850x]

3. HIRSP PHARMACY BENEFITS

Joint Finance/Legislature: Authorize DHFS to establish, by rule, copayment amounts and coinsurance rates for prescription drugs and copayment and coinsurance out-of-pocket limits, over which HIRSP would pay 100% of covered costs for individuals participating in any of the HIRSP plans. Specify that any copayments, coinsurance rates or out-of-pocket expense limits would be subject to the approval of the Board. Specify that any copayments and coinsurance would not count towards the plan's deductible or coinsurance or out-of-pocket limit for other major medical costs covered under the plan.

Authorize DHFS to promulgate emergency rules to implement these provisions but do not require DHFS to provide evidence that promulgating the rule as an emergency would be necessary for the preservation of public peace, health, safety or welfare and would not be required to provide a finding of an emergency to promulgate the rule.

In addition, specify that DHFS may not reduce HIRSP reimbursement rates for prescription drugs in order to support the providers' share of HIRSP costs. Finally, specify that these provisions would first apply to policies issued or renewed on the bill's general effective date.

Under current law, HIRSP policyholders are required to pay deductibles before coverage would be available under any of the HIRSP plans. Once a policyholder has expenditures

sufficient to meet the deductible, the policyholder would be required to pay coinsurance of 20% of any additional costs incurred by the policyholder, except that current law limits the total amount a policyholder would have to pay out-of-pocket before the plan would pay 100% of any costs incurred by the policyholders. Currently, prescription drugs purchased by policyholders are treated the same as any other medical expense covered under HIRSP in terms of the deductible, coinsurance and out-of-pocket maximums.

Current law specifies that the reimbursement rate for prescription drugs is equal to the reimbursement rate for prescription drugs under MA. Currently, HIRSP reimbursements for prescription drugs are not reduced to reflect the portion of HIRSP costs that are required to be funded by reduced provider payments (20% of HIRSP costs after accounting for GPR budgeted for program benefits).

[Act 16 Sections: 2850f thru 2850i, 2850Lc, 2850Ld, 2850Le, 2850Lf, 2850Lg, 2850Lh thru 2850Ln, 2850q thru 2850s, 9123(9w) and 9323(15w)]

4. HIRSP ASSESSMENTS ON SMALL EMPLOYER INSURANCE PLANS

Senate/Legislature: Require each small employer insurer that terminates a small employer group health plan for each individual formerly enrolled in the small employer group health benefit plan who subsequently enrolls in HIRSP, to pay a special assessment. Specify that half of the revenue received as a result of the assessment would be used to reduce insurer assessments under HIRSP and the remaining half would be used to reduce premiums paid by HIRSP enrollees.

Specify that the special assessment would be determined based on the average cost for a HIRSP enrollee in the year in which the small employer group health benefit plan was discontinued. Specify that average enrollee costs would be calculated as total costs in a plan year, less costs paid by premium revenue in that year, divided by the total number of persons enrolled in that year. The plan year would be based on the plan year in which the small employer insurer discontinued coverage. Specify that the assessment would include HIRSP costs associated with treatment received during the first six months of coverage under HIRSP for any pre-existing conditions of any of the plan's former enrollees.

Specify that the special assessment would not apply to small group insurers that terminate a small employer group health benefit plan for any of the following reasons: (a) the small employer failed to pay premiums or contributions in accordance with the terms of the group health benefit plan or in a timely manner; (b) the small employer performed an act or engaged in a practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the plan; or (c) the small employer failed to meet participation or contribution requirements of the group health benefit plan.

Specify that the HIRSP Board of Governor's would determine when the special assessment would be paid.

Delete the current provision that authorizes the Commissioner of Insurance to promulgate rules to provide exceptions to statutory requirements of small group insurance plans if the plan sponsor failed to pay premiums or contributions in accordance with the terms of the plan or in a timely manner or if the plan sponsor has performed an act or engaged in a practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the plan.

Veto by Governor [C-19]: Delete provision.

[Act 16 Vetoed Sections: 2850dm, 2850Ldc, 2850Ldm, 2850Le, 2850Lem, 2850Lj, 2850Ln and 3766r]

5. HIRSP ACCOUNTING METHODOLOGY

Senate: During the 2001-03 biennium, require DHFS to continue using a cash-based accounting methodology to establish premiums, insurer assessments and provider rate adjustments to pay costs under HIRSP, unless the Joint Committee on Finance approves the use of an accrual accounting methodology at one of its regularly scheduled meetings under s. 13.10 of the statutes.

Under a cash-based accounting method, the amount of revenue necessary to cover costs during a time period is based on the estimate of payments to be made during that time period. Under a accrual accounting method, the amount of revenue necessary to fund costs during a time period is based on the estimated liabilities incurred during that time period.

The HIRSP actuarial consultants estimate that the change to full-cost accounting would increase the revenue necessary to fund HIRSP costs by approximately $16.6 million in 2001.

Conference Committee/Legislature: Delete provision.

6. HIRSP FUNDING STUDY

Assembly/Legislature: Require the HIRSP Board of Governors to conduct a study on alternative funding sources for HIRSP. Require the Board to report the results of the study, together with its findings and recommendations, to the Joint Committee on Finance and the legislative standing committees on health, no later than January 1, 2002.

Veto by Governor [C-20]: Delete provision.

[Act 16 Vetoed Section: 9123(16mn)]

7. HIRSP MISCELLANEOUS MODIFICATIONS

Joint Finance/Legislature: Make the following statutory modifications related to HIRSP.

Use of Surplus Premium Revenue. Authorize the use of surplus premium revenue for distribution to HIRSP enrollees, regardless of other statutory provisions regarding the determination of premiums paid by HIRSP policyholders. Specify that DHFS, with approval of the Board and the concurrence of the HIRSP actuary, would determine the policies, eligibility criteria, methodology and other factors to be used in making any distribution of the surplus premium revenue.

Current law requires that premiums for HIRSP Plans 1A and 1B be equal to at least 150% of the standard risk plan providing substantially the same coverage and deductibles as are provided under HIRSP. In January, 2001, the HIRSP Board of Governors approved a distribution of $2.5 million in surplus premium revenue to HIRSP beneficiaries that results in policyholders paying in total, less than 150% of the standard risk plan. This provision would clarify that such distributions are allowed.

Membership on the HIRSP Board of Governors. Increase from three to four the number of public members of the HIRSP Board of Governors. Further, specify that at least one of the public members would be an individual that is covered under HIRSP and delete the provision that requires that at least two of the public members be reasonably expected to qualify for HIRSP coverage.

Hospice Care. Specify that hospice care provided by a licensed hospice provider is a covered service under HIRSP. Currently hospice care provided by a home health agency is a covered service.

DHFS Authority. Authorize DHFS, with the agreement of the Commissioner of Insurance, to provide various administrative functions related to the assessment of insurers participating in the cost of administering HIRSP. Current law assigns these responsibilities to the Commissioner of Insurance.

Preexisting Condition Exclusions. Delete current provisions that specify that individuals eligible for Medicare are not exempt from preexisting condition exclusions and related technical modifications. Preexisting condition exclusions specify that HIRSP coverage is not available for the first six months of coverage for any condition for which an individual was treated or diagnosed during the six months immediately preceding his or her coverage under HIRSP. Certain eligible individuals are exempt from the preexisting condition exclusions. This provision would insure that individuals eligible for Medicare could also be exempt from the preexisting condition exclusions if they meet other criteria.

[Act 16 Sections: 2850c, 2850d, 2850e, 2850j, 2850k, 2850Lgj, 2850m, 2850p, 2850w and 9123(9x)]

8. COUNTY GENERAL RELIEF BLOCK GRANTS

GPR	- $2,400,000

Governor: Delete $1,200,000 annually to reduce from $2,000,000 to $800,000 the annual amount of funding budgeted for general relief block grants DHFS distributes to counties other than Milwaukee County. Under the program, DHFS distributes funds to participating counties to support medical care these counties provide to indigent persons. A county may also use the block grant funds to support cash assistance and other nonmusical benefits, as long as the county also provides health care services.

Conference Committee/Legislature: Adopt the Joint Finance provision. In addition, eliminate the requirement that a county's share of general relief medical block grant funds not exceed the county's 1994 share of the relief block grant funds available in 1994 and require DHFS to prorate the available funds among the eligible counties in proportion to each county's calculated grant amount if funding is insufficient to pay all of the relief block grants.

[Act 16 Sections: 1656d thru 1656L]

9. THOMAS T. MELVIN YOUTH TOBACCO PREVENTION AND EDUCATION PROGRAM [LFB Paper 880]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $1,500,000	- $500,000	- $2,000,000

Governor: Delete $500,000 in 2001-02 and $1,000,000 in 2002-03 to reduce GPR funding for the Thomas T. Melvin youth tobacco prevention and education program so that, by 2002-03, the program would be entirely supported with SEG funding earmarked for the program budgeted in the Tobacco Control Board (TCB). Currently, the program is supported with $1 million GPR annually budgeted in DHFS and $1 million SEG annually budgeted in the TCB. Because the bill would increase the amount of SEG funding earmarked for the program in the TCB from $1 million SEG in 2000-01 to $1.5 million SEG in 2001-02 and to $2 million SEG in 2002-03, the total funding that would be budgeted for the program would continue to be $2 million (all funds) in each year of the 2001-03 biennium. The bill would reduce the amount of funding budgeted for the TCB to award for competitive grants for tobacco prevention and cessation activities by the same amounts. The effect of this change on TCB programs is summarized under "Tobacco Control Board."

Joint Finance/Legislature: Reduce funding by an additional $500,000 in 2001-02 to delete all GPR funding budgeted in DHFS for the program. Repeal the GPR appropriation in DHFS

for this purpose. Increase the amount of segregated funding budgeted in the TCB for grants that would be earmarked for the program so that $2,000,000 SEG would be budgeted for the program annually, beginning in 2001-02. The effect of this change would be to reduce the amount of funding budgeted for competitive grants distributed by the TCB by an additional $500,000 SEG in 2001-02.

[Act 16 Sections: 720g, 3159 and 3160]

10. LEAD CERTIFICATION

	Funding	Positions
GPR	- $459,400	- 5.00
FED	- 253,000	- 2.00
PR	1,148,200	7.00
Total	$435,800	0.00

Governor/Legislature: Provide $217,900 (-$229,700 GPR, -$126,500 FED and $574,100 PR) annually to convert 7.0 positions (5.0 GPR positions and 2.0 FED positions) to PR positions and reallocate 2.5 PR positions from asbestos abatement certification, beginning in 2001-02, to support lead training accreditation and certification activities, maintenance of the lead certificate registry and lead testing services. A total of 9.5 positions would be provided to support these activities, including 3.0 environmental health specialists, 2.5 regulatory specialists, 2.5 program assistants, 0.5 supervisor, 0.5 health educator and 0.5 training officer.

1999 Wisconsin Act 113 established liability limits for residential property owners who effectively remove or control lead hazards and receive certification that the property is either lead-free or lead-safe. The act assigned DHFS new responsibilities relating to investigations of dwellings where children have been identified with elevated blood lead levels, administrative rule development, development and maintenance of a database for the registration of all lead-safe and lead-free certificates and quality assurance and compliance safeguards. Act 113 directed DHFS to request PR positions and expenditure authority to support the program as part of its 2001-03 biennial budget submission.

11. WOMEN'S HEALTH [LFB Papers 491 and 492]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$200,000	1.50	$0	- 1.50	$200,000	0.00

Governor: Provide $100,000 annually and 1.50 positions, beginning in 2001-02, to expand the women's health program. The bill provides: (a) $51,600 in 2001-02 and $57,400 in 2002-03 to support 1.0 program assistant and 0.5 public health nutritionist; and (b) $48,400 in 2001-02 and $42,600 in 2002-03 to increase support for program activities, including regional conferences, roundtables, updating videotapes on women's health issues and developing nutrition fact sheets.

Repeal the requirement that DHFS allocate and expend at least $20,000 annually from the DHFS appropriation that funds cancer treatment, training, follow-up control and prevention activities to support the development and provision of media announcements, educational materials concerning the need for, and availability of, breast cancer screening program services for women in areas served by the DHFS breast cancer screening program. Instead, require DHFS to allocate and expend at least $20,000 annually from the DHFS women's health services appropriation to promote health care screening services for women that are available under the Wisconsin well-woman program, which provides health screenings for low-income women, as well as the breast cancer screening program.

Joint Finance/Legislature: Delete provision. Instead, provide an additional $100,000 GPR annually for women's health screenings under the well-woman program.

Include statutory changes to more closely reflect the manner in which DHFS administers the program. Rename the women's health appropriation the well-woman program appropriation. Specify that the program would provide reimbursement for health care screenings, referrals, follow-ups and patient education for low-income, underinsured and uninsured women and consolidate other women's health services. Specify that services would include: (a) breast and cervical cancer screenings; (b) other health screenings (cardiovascular disease, hypertension, diabetes, domestic violence and osteoporosis); (c) media announcements and educational materials; (d) mobile mammography services provided by the Milwaukee public health department; (e) training for rural colposcopic examinations and activities; (f) a women's health campaign; and (g) osteoporosis prevention and education. Specify that providers would be reimbursed for services up to the applicable Medicare reimbursement rate, except that if projected costs under the program exceed the amounts appropriated, DHFS would be required modify services or reimbursement accordingly.

Transfer $888,200 GPR annually from the cancer treatment, training, follow-up, control and prevention appropriation to the new well-woman appropriation.

Require DHFS to coordinate services under the well-woman program with services provided under the minority health program to ensure that disparities in the health of women who are minority group members are adequately addressed.

[Act 16 Sections: 719b, 719d, 3155z, 3156m, 3157b, 4039p, 4039q and 4039r]

12. VITAL RECORDS PROGRAM -- FUNDING AND FEE INCREASES [LFB Paper 493]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR-REV	$354,600		- $142,300		$212,300	
PR	$1,411,500	2.00	- $1,274,800	- 1.00	$136,700	1.00

Governor: Provide $915,000 in 2001-02 and $496,500 in 2002-03 and 2.0 three-year project positions, beginning in 2001-02, to: (a) develop and manage an on-line record keeping system for the vital records program ($521,300 in 2001-02 and $169,300 in 2002-03); (b) preserve and protect vital records through contracts with vendors and to purchase a microfilm reader and other equipment related to the preservation project ($214,800 in 2001-02 and $144,400 in 2002-03); (c) meet workload associated with requests for genealogical searches ($28,900 in 2001-02 and $32,800 in 2002-03); and (d) adjust expenditure authority to reflect services provided to the Department of Workforce Development in establishing paternity ($150,000 annually). Funding for the vital records program is derived primarily from fees charged for copies of vital records.

Fees. Modify fees for vital records as follows: (a) increase the fee for each additional certified copy of a vital record from $2 to $3; (b) create a $3 fee for each additional uncertified copy of a vital record; (c) create a $10 fee for expedited service in issuing a public record; (d) authorize the state and local registrars to collect a $10 fee for changing the name on an original birth certificate under a court order and a $20 fee for any new vital records registered as a result of a court order; (e) increase from $10 to $20 the fee for changing a birth certificate resulting from a rescission of statement acknowledging paternity; and (f) authorize the state registrar to charge a reasonable fee for providing searches of vital records and for providing copies of vital records to state agencies for program use. Specify that these fee changes would take effect the first day of the second month beginning after the bill's publication. The administration projects that these fee changes would increase program revenue by approximately $178,300 in 2001-02 and $176,300 in 2002-03 for the vital records program.

Electronic Filing. Modify the current statutes relating to the vital records program to allow records to be filed and recorded electronically. Expand the definition of vital records to include worksheets and electronic transmissions relating to certificates of birth, death, divorce, annulment and marriage. Require the state registrar to approve or prescribe formats for electronic submissions. Currently, only birth certificates are filed electronically. Modify the method in which the state or local registrar makes changes to a vital record to allow for the changes to be made electronically. Finally, require DHFS to promulgate rules to control access to electronic records, protect vital records from fraudulent use and protect privacy rights of registrants and their families.

Joint Finance: Approve the Governor's recommendation to modify vital records fees, but reduce estimated revenue from the Governor's proposed fee changes by $89,000 in 2001-02 and $53,300 in 2002-03.

In addition, reduce the fee charged for all uncertified copies of vital records dated before 1930, to $3.00 and for all additional copies of those records, requested at the same time, to $1.00. Under current law, the fee for a copy of a birth certificate is $12, of which $7 is deposited to the Child Abuse and Neglect Prevention Board (CANP). Under this provision, the Board would receive no revenues for uncertified copies of vital records dated before 1930. The current fee for uncertified copies of other types of vital records is $7, and $2 for additional copies requested at the same time (under the bill, it would be increased to $3).

Reduce the funding authorized under the bill by $811,100 in 2001-02 and $396,400 in 2002-03 to reflect a reestimate of revenues available to support the program, and delete an additional $67,300 in 2002-03 and 1.0 PR project position annually to delete funding and statutory language relating to allowing vital records to be filed and recorded electronically. Funding would be provided as follows: (a) $75,000 in 2001-02 to preserve impounded records; and (b) $28,900 in 2001-02 and $32,800 in 2002-03 for 1.0 three-year project position for a research technician to assist with the preservation project and customer services.

In addition, require DHFS to study methods that other states have used to protect against identity theft in on-line electronic filing systems for vital records. Require DHFS to submit a report to the Joint Finance Committee by January 1, 2002, on its findings. Specify that the report would include a proposed schedule of fees chargeable for vital records that would support implementation of security measures to protect against identity theft that could result from the use of an on-line electronic filing system for vital records.

Senate: Eliminate the provision in the substitute amendment that would require DHFS to conduct a study of on-line electronic filing systems for vital records. Instead, require DHFS to appoint a committee, by January 1, 2002, to: (a) develop recommended guidelines for an online system that incorporate privacy, flexibility and productivity; (b) study methods used in other states to protect against identity theft in online systems; and (c) recommend increases, if necessary, in vital records fees for implementation of an online electronic filing system and allocation of revenue from any such increase.

Specify that the Committee would consist of eight members, including the state register of vital statistics, three local registrars, three representatives of DHFS, and one genealogist. Require the Committee to prepare an outline of its proposals by July 1, 2002, and report to the Governor and Legislature on its findings and recommendations, including a proposed schedule of fees chargeable for vital records that supports implementation of an on-line electronic filing system and security measures to protect against identity theft, by January 1, 2003.

Conference Committee/Legislature: Adopt the Senate changes. In addition, clarify that all revenue obtained from the $3 fee for additional copies of certified and uncertified birth certificates that were issued after December.

Veto by Governor [C-22]: Delete the provision that would reduce fees for all uncertified records dated before 1930, from $12 to $3 and for all additional copies of those records requested at the same time, from $3 to $1.

[Act 16 Sections: 689d, 689e, 2060, 2061, 2065b, 2070, 2089, 2093 thru 2095h, 2096 thru 2100, 9123(8kk) and 9423(4)]

[Act 16 Vetoed Sections: 2095g thru 2095i and 2096c]

13. CONGENITAL DISORDERS

PR	$917,800

Governor/Legislature: Provide $411,100 in 2001-02 and $506,700 in 2002-03 to fund projected increases in the costs of diagnostic services, special dietary treatment and counseling services provided under the congenital disorders program, and to increase operations support for the program. The program is supported by revenue derived from a $24 surcharge added to the fee charged by the State Laboratory of Hygiene (SLOH) to perform newborn tests. In most cases, the testing fee and surcharge are covered by medical insurance or medical assistance. No increase in fees is anticipated to fund the increases provided under the bill.

Services. The bill includes funding to support inflationary cost increases for: (a) grants to agencies that provide counseling and treatment to children with congenital disorders; (b) dietary treatment products for children with congenital disorders; and (c) centers that provide comprehensive care for children diagnosed with cystic fibrosis.

Operations. The bill includes funding to provide direct support for 1.5 positions in the SLOH that work full-time on the program. The cost of these positions is currently not included in the DHFS base budget. Instead, SLOH currently withholds surcharge revenue it receives to fund these staff costs. Modify the existing congenital disorders operations appropriation to fund administrative expenses, in addition to the costs of consulting with experts, as provided under current law. Provide that fees charged by SLOH for testing would be set at sufficient levels to cover the costs of consulting with experts and administering the program, as determined by DHFS.

[Act 16 Sections: 696 and 3143]

14. ENVIRONMENTAL REGULATION AND LICENSING [LFB Paper 494]

PR-REV	$250,000
PR	$250,000

Governor: Modify funding and statutory provisions relating to the environmental sanitation regulation and licensing program as follows.

Funding. Provide $250,000 in 2002-03 to increase support for the environmental sanitation regulation and licensing program.

Recreational Facilities. Authorize DHFS to establish, by rule, preinspection fees, reinspection fees and fees for operating without a license for recreational facilities (campgrounds, camping resorts, recreational and educational camps and public swimming pools). Prohibit DHFS, or a local health department that acts as an agent for DHFS, from granting a permit to a person who intends to operate a recreational facility without a preinspection. This preinspection requirement is currently established in rule, but not statute.

Hotels, Restaurants, Tourist Rooming Houses and Vending Machines. Authorize DHFS to establish, by rule, reinspection fees, fees for operating without a permit, fees for comparable

compliance or variance requests that would be paid by persons who conduct, maintain, manage or operate a hotel, restaurant, temporary restaurant, tourist rooming house, vending machine commissary or vending machine. In addition, authorize DHFS to establish, by rule, fees for pre-permit review of restaurant plans.

Repeal a provision that enables a person to transfer a permit for a temporary restaurant to premises other than that for which it was issued if, before the temporary restaurant begins operating at the new premises, approval of the new premises is secured from a DHFS representative, or a local health department that is granted agent status.

Bed and Breakfast Permits. Require persons who operate bed and breakfasts to obtain an annual, rather than a biennial, permit from DHFS. DHFS indicates that it would reduce the current biennial bed and breakfast permit fee ($106) by one half, so that there would be no change in the permit fees operators would pay.

DHFS estimates revenue from the new fees authorized in the bill, which would be set by rule, would generate $250,000 annually, beginning in 2002-03.

Joint Finance/Legislature: Modify the Governor's funding recommendation by reducing funding for supplies and services by $232,600 and increasing funding for permanent position salaries ($125,600), limited-term employees ($78,900) and data processing charges ($28,100) in each year.

[Act 16 Sections: 3148 thru 3155]

15. REGULATION OF RADIOACTIVE MATERIALS [LFB Paper 495]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $103,600	- 1.11	$0	0.30	- $103,600	- 0.81
FED	- 85,600	- 0.99	0	0.70	- 85,600	- 0.29
PR	342,600	2.10	0	- 1.00	342,600	1.10
Total	$153,400	0.00	$0	0.00	$153,400	0.00

Governor: Modify funding, position authority and statutes relating to the regulation of radioactive materials as follows.

Funding and Positions. Provide $76,700 (-$51,800 GPR, -$42,800 FED and $171,300 PR) annually and convert 1.11 GPR positions and 0.99 FED positions to 2.10 PR positions and reallocate 2.10 PR positions from throughout the Department, beginning in 2001-02, to enable DHFS to continue to work toward assuming regulatory oversight over radioactive materials that are currently regulated by the Nuclear Regulatory Commission (NRC). Under the bill, DHFS would be provided a total of 4.0 nuclear engineers for this purpose. Revenue to support these positions is available from fees for licenses issued to users of radioactive materials.

Definition of "Source Material." Modify the definition of "source material" to include uranium, thorium or any combination of the two in any physical or chemical form, or ores that contain by weight 0.05% or more of uranium, thorium, or any combination of the two. Currently, "source material" is defined as any material that contains by weight 0.05% or more of uranium, thorium or any combination of the two. As under current law, the definition would exclude special nuclear material.

Compatibility with Federal Law. Delete the requirement that DHFS rules relating to by-product material, source material and special nuclear material be no less stringent than required under federal laws and rules. Instead, require that the DHFS rules be in accordance with federal requirements regarding the state's role in regulation of byproduct materials, and be otherwise compatible with other federal requirements and rules relating to the regulation of radioactive materials.

DHFS Authority to Establish New Requirements. Authorize DHFS to develop requirements for qualification, certification, training and experience of individuals who: (a) operate radiation generating equipment; (b) utilize, store, transfer, transport or possess radioactive materials; and (c) act as radiation safety consultants to persons who possess a license or registration issued by DHFS as part of its radiation protection regulatory functions. Authorize DHFS to recognize certification by another state or by a nationally recognized certifying organization of an individual to perform these activities if the standards for the other state's certification or the organization's certification are substantially equivalent to the DHFS certification standards.

1999 Act 9 authorized DHFS to begin assuming full regulatory authority over manufactured radioactive materials used in medicine, industry, research and education. DHFS anticipates that state regulation of these materials will reduce fees for users, provide the state a greater role in the regulation of these materials and create a more consistent regulation process by combining this function with the Department's current responsibilities to regulate radioactive materials not regulated by the NRC, such as naturally occurring and accelerator-produced radioactive materials

Joint Finance/Legislature: Modify the Governor's recommendation by deleting 1.0 PR position and restoring .30 GPR position and .70 FED position, beginning in 2001-02, and transferring $41,500 from supplies and services to fund related salary and fringe benefit costs. This would reverse the reallocation of 1.0 position that was already reallocated under another item, and make the necessary funding modifications.

[Act 16 Sections: 3144 thru 3147]

16. PUBLIC HEALTH POSITION ADJUSTMENTS

	Funding	Positions
FED	$7,400	- 11.80
PR	1,515,200	12.80
Total	$1,522,600	1.00

Governor/Legislature: Provide $761,300 annually ($3,700 FED and $757,600 PR) and delete 11.8 FED positions and provide

12.8 PR positions, beginning in 2001-02, to reflect the net fiscal effect of changing funding sources for management and support positions in the Division of Public Health. The provision includes: (a) deleting federal positions that are currently supported directly with federal funds, such as the maternal and child health block grant, and transferring salary and fringe benefit funding for these positions to the Division's supplies and services budget to instead support these positions on a program revenue-service basis; and (b) minor adjustments to the Division's licensing, lead abatement and radiation protection appropriations. The PR funding increase reflects that federal and PR funding that is currently budgeted directly to support these positions would be transferred within the Division and thus "double-counted" in the DHFS budget.

This item includes the conversion of 1.0 FED project position that is currently funded from a grant from the Centers for Disease Control and Prevention that will terminate on June 30, 2001, to a permanent GPR position. This position provides information technology support for a project involving the study of Great Lakes fish. GPR funding and position authority would be reallocated within the Division to support this position.

17. BUREAU OF HEALTH INFORMATION FUNDING

	Funding	Positions
FED	$649,200	5.45
PR	- 689,000	- 5.45
Total	- $39,800	0.00

Governor/Legislature: Delete $19,900 ($324,600 FED and -$344,500 PR) annually and convert 5.45 PR positions to 5.45 FED positions, beginning in 2001-02, to realign position authority with the work performed by Bureau of Health Information staff. This funding change would more accurately represent time spent by the Bureau's staff on various programs.

In addition, transfer $97,500 PR annually and 1.80 PR position, beginning in 2001-02, from the Bureau's general program operations appropriation to the appropriation that supports the Bureau's costs of producing special data compilations and reports.

18. OCCUPATIONAL HEALTH POSITION

	Funding	Positions
FED	- $107,600	- 0.50
PR	107,600	0.50
Total	$0	0.00

Governor/Legislature: Delete $53,800 FED and 0.5 FED position and provide $53,800 PR and 0.5 PR position annually to more accurately reflect the division of work performed by the Director of the Bureau of Occupational Health. One-half of this position would no longer be supported by federal funds DHFS receives from the Occupational Safety and Health Administration. Instead, 50% of the costs of this position would be funded by asbestos abatement certification fees (20%) and lead abatement certification fees (30%).

19. DISEASE AIDS -- PATIENT LIABILITY FOR COSTS [LFB Paper 496]

PR-REV	$923,600

Governor: Authorize DHFS to revise the sliding scale DHFS uses to determine patient liability for costs under the disease aids program as frequently as necessary to ensure that the needs for treatment of patients with lower incomes receive priority within the amounts budgeted for the program. Under current law, DHFS is required to revise the sliding scale for patient liability by January 1, 1994, and every three years thereafter review and, if necessary, revise the scale. Under the program, DHFS supports the costs of medical care for persons with kidney disease, cystic fibrosis and hemophilia. Eligible individuals whose incomes exceed certain limits are required to contribute toward the cost of their care before state funding is used to support the services they receive.

Joint Finance/Legislature: Delete provision. Instead, require DHFS to implement a drug rebate program for disease aids. Only drugs manufactured by firms that enter into rebate agreements would be covered under the program. The rebate would be modeled after federal rebate provisions under the medical assistance program, except that if the change in the average manufacturer price (AMP) for a drug exceeds the AMP of the drug as of December 31, 2000, or the first calendar quarter after the day on which the drug was first available, adjusted for inflation, the rebate amount would be increased by the amount of the difference.

Under federal law, the amount of the rebate is equal to the difference between the AMP and the best price, or 15.1% of the AMP for the rebate period, which ever is greater. Federal law provides that the rebate be increased if the change in the AMP for a drug exceeds the AMP of that drug as of December 31, 1990. For drugs introduced after October 1, 1990, the additional rebate would be available if the AMP exceeds the change in the AMP when the drug was first introduced, adjusted for inflation.

Rebate moneys would be deposited in a new program revenue, continuing appropriation to fund the cost of treatment under the disease aid program. Revenue from manufacturers' rebates is estimated to be $288,600 in 2001-02 and $635,000 in 2002-03.

Veto by Governor [C-21]: Eliminate the exception relating to the rebate adjustment so that the state disease aids rebate program replicates the federal MA rebate provision. The rebate would be calculated as follows: (1) the amount of the rebate is equal to the difference between the AMP and the best price, or 15.1% of the AMP for the rebate period, whichever is greater; (2) the rebate is increased if the change in the AMP for a drug exceeds the AMP of that drug as of December 31, 1990; and (3) for drugs introduced after October 1, 1990, the rebate is increased if the AMP exceeds the change in the AMP when the drug was first introduced, adjusted for inflation.

[Act 16 Sections: 712c and 1837p thru 1838c]

[Act 16 Vetoed Section: 1838c]

20. HIV/AIDS PROGRAM DEFINITIONS

Governor/Legislature: Replace references to acquired immunodeficiency syndrome (AIDS) with references to human immunodeficiency virus (HIV), as they relate to certain services DHFS provides and programs DHFS funds. Expand the definition of "related infections" to include hepatitis C virus infection. Authorize DHFS to contract with organizations to provide confidential counseling services for HIV, in addition to the anonymous counseling services currently provided.

Under current law, DHFS provides various services to individuals with or at risk of contracting AIDS including: (a) partner referral and notification; (b) grants to local projects for counseling support groups and direct care; (c) public education; (d) information to local health officers; (e) seroprevalence studies to obtain information on the prevention efforts; (f) grants for targeted populations and intervention services; (g) counseling and laboratory testing services; (h) life care and early intervention services; and (i) prevention grants. Some of these services currently refer to HIV-related infections, while others do not. The bill would replace references to AIDS with HIV, and generally expand the programs to include related infections, including hepatitis C virus infection, where appropriate.

[Act 16 Sections: 718, 3129 thru 3140, 3141d and 3142]

21. HIV/AIDS AND RELATED INFECTIONS PROGRAMS

GPR	$125,000

Assembly: Provide $350,000 in 2002-03 to increase support for HIV and related infections programs as follows.

Life Care and Early Intervention Services Grants. Provide $200,000 in 2002-03 to increase funding for life care and early intervention services grants from $1,994,900 annually to $2,194,900 annually, beginning in 2002-03. Expand the purposes for which agencies may use these grant funds to include housing assistance services in the 2001-03 biennium. In addition, specify that the funding would be used to provide grants to state-designated AIDS service organizations, instead of applying organizations, as provided under current law. Grant recipients may currently use these funds to provide needs assessments, assistance in procuring financial, medical legal, social and pastoral services, counseling and therapy, homecare and supplies, advocacy, case management and early intervention services.

Statewide Information Campaign. Provide $150,000 beginning in 2002-03 to increase funding for the statewide public education campaign to promote awareness of the risk of contracting HIV and related infections and measures for protection.

Conference Committee/Legislature: Reduce funding provided by the Assembly by $225,000 to provide $125,000 in 2002-03 for HIV and related infectious programs, including $75,000 for life care and early beginning intervention services grants and $50,000 for the statewide public education campaign.

Veto by Governor [C-17]: Delete the statutory modifications to the life care and early intervention services grant program, but retain the additional funding for the program and the increase in the statutory allocation amount, beginning in 2002-03.

[Act 16 Section: 3140c]

[Act 16 Vetoed Section: 3140c]

22. AIDS PREVENTION AND TREATMENT -- AFRICAN-AMERICAN FAMILY RESOURCE CENTER

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR-Lapse	$0	$62,500	$62,500
GPR	$125,000	$0	$125,000

Senate: Provide $125,000 annually for DHFS to provide as a grant for the development and implementation of an African-American family resource center in the City of Milwaukee. The center would target activities toward the prevention and treatment of HIV infection and related infections, including hepatitis C virus infection, of minority group members.

Conference Committee/Legislature: Reduce funding provided by the Senate by $62,500 annually to provide $62,500 annually for the development and implementation of an African-American family resource center.

Veto by Governor [C-17]: Delete the requirement that DHFS award a grant in each fiscal year for the African-American family resource center. In his veto message, the Governor indicates that he is vetoing the funding provided in 2002-03 for this purpose so that $62,500 would lapse to the general fund. As a result, $62,500 would be provided on a one-time basis in 2001-02 for develop and implementation of a center.

[Act 16 Section: 3140m]

[Act 16 Vetoed Section: 3140m]

23. DIRECTOR OF EMERGENCY MEDICAL SERVICES FUNDING

Governor/Legislature: Allow, rather than require, DHFS to expend $25,000 annually from the federal preventive health services block grant to contract with a physician to direct the state emergency medical services (EMS) program. This change would provide DHFS the flexibility to reallocate funding from other sources, rather than require the use of federal preventive health block grant funds for this purpose.

[Act 16 Section: 2850]

24. IMMUNIZATIONS

Governor/Legislature: Extend the Department's authority to expend up to $9,000,000 GPR in each year of the 2001-03 biennium to support the state immunization program, and delete references to this annual funding limit that was established for each year of the 1999-01 biennium. DHFS is currently authorized to expend $9,000,000 in each year of this biennium from a sum sufficient appropriation that is equal to the difference between this statutory amount and the amount of funding DHFS receives to support the state immunization program. In the 1999-01 biennium, federal funding has exceeded $9 million annually, and, consequently, no GPR funds have been expended from this appropriation. The administration assumes that no GPR funding will be expended from this appropriation in the 2001-03 biennium.

[Act 16 Section: 720]

25. VITAL RECORDS -- MISCELLANEOUS STATUTORY CHANGES

Governor/Legislature: Modify statutes relating to vital records as follows.

Certification of Death. Specify who can pronounce death, for the purpose of recording vital records, by defining "date of death" as the date that a person is pronounced dead by a physician, coroner, deputy coroner, medical examiner or deputy medical examiner.

Provide that, beginning on January 1, 2003, the death certificate would consist of: (1) fact-of-death information, which would include the name and other identifiers of the decedent, including a social security number (if any), the date, time and place of death, the manner of death, the identity of person certifying the death and the dates of certification and filing of the certificate of death; (2) extended fact-of-death information, which would include all information under (1), information on the final disposition and cause of death and injury related data; and (3) statistical-use-only information, which would include all other information that is collected on the standard death record form recommended by the federal agency responsible for national vital statistics, and other data, as directed by the state registrar including race, educational background and health risk behavior. Under current law, the death certificate includes a separate medical certification section.

Modify current references to the "medical certification section" to refer instead to "medical certification," which would include those portions of the death certificate that provide cause of death, manner of death, injury-related data and any other medically-related data that is collected as prescribed by the state registrar.

DHFS indicates that these modifications would allow: (1) faster release of "fact-of-death" information so that certain legal and financial proceedings can begin without waiting for additional information on the specific cause of death; (2) collection of behavioral information that will be required by the National Center for Health Statistics beginning January 1, 2003; and (3) release of only certain parts of the certificate to address privacy and confidentiality issues.

Unless otherwise ordered by a court, limit disclosure of information that is collected as statistical-use-only to the decedent's spouse, adult son or daughter, parents, adult brother or sister, guardian, any other person authorized or under obligation to dispose of the corpse, or any person authorized in writing by one of the persons. Further, provide that information on the final disposition and cause of death, and injury-related data may not be disclosed until 50 years after the death, except to a person with direct and tangible interest, as defined under current law or a direct descendent, unless otherwise ordered by a court.

Specify that certified copies of death certificates for deaths that occurred before January 1, 2003, contain information on the manner of death, in addition to information identifying the individual, date and place of death and cause of death, as provided under current law. Provide that a person could request a copy that does not include cause of death. Specify that certified copies of certificates issued for deaths that occur after December 31, 2002, would contain only fact-of-death information, except that a requestor could request a form containing extended fact-of-death information.

Authorize hospices to prepare certificates of death, and release corpses to persons who may, under current law, dispose of corpses (a funeral director, member of the immediate family and certain persons at institutions). Currently, these provisions only apply to hospitals and nursing homes.

Specify that the sections in the bill that affect death certificates would take effect on January 1, 2003. However, a technical correction is required to reference all of the affected sections to meet this intent.

Registration of Birth Certificates. Require that birth certificates for every birth in the state be filed with the state registrar within five days after the birth. Provide that the state registrar would register the birth and make copy available to the district in which the birth occurred and the district in which the mother resided at the time of birth. Current law requires that the birth certificate be filed in the registration district in which the birth occurred. This change would modify the statutes to reflect current practice.

Public Use. Specify that indexes prepared for public use would include only the registrant's full name, date of the event, county of occurrence, county of residence and, at the discretion of the state registrar, the state file number. Generally, current law does not specify what can be published in public use indexes.

Provide that the indexes would be accessible only by inspection at the office of the state registrar or a local registrar and could only be copied under the following circumstances: (a) birth certificate information for births occurring after October 1, 1907, could only be copied or reproduced after 100 years from birth, except that original certificates which have been impounded upon creation of new certificates could not be released; and (b) death, divorce or annulment certificates could be copied or reproduced after 24 months from the event. Specify that, beginning, January 1, 2003, information obtained from public birth, death and divorce

indexes must include a statement indicating that the information is not a legal vital record, and inclusion of the information does not constitute legal verification of the fact of the event.

Rules to Protect Records. Require DHFS to promulgate rules to protect vital records from fraudulent use and to protect the privacy rights of registrants and their families. Currently, rules are required only for protection against mutilation, alteration or theft of vital records.

Disclosure of Information and Certified Copies. Provide for consistent treatment of limiting disclosure and providing certified copies of information that is collected for statistical or medical and statistical purposes on certificates of birth, marriage, divorce and annulments to the subject of the information, or his or her parent, if the subject is a minor, unless otherwise ordered by the court. Current law provides for some limitation. However, the inclusion of annulment and divorce certificates is not consistent.

Require DHFS to promulgate rules to define who has access to vital records for research purposes.

Amendments to Vital Records. Delete a reference to changing age on a marriage document within 365 days of the event, without a court order. Under certain circumstance, current law provides for corrections and/or insertions of information that was incorrect or omitted when a vital record was filed, without a court order. DHFS staff indicate that existing language providing for changes of vital records is sufficient, and therefore, the provision regarding change of age on a marriage certificate is not needed.

Make several changes relating to amending information on a birth certificate, without a court order, after 365 days have lapsed since the birth, including: (a) providing that a "parent's name" could be changed under certain conditions, rather than "parents' surnames" as provided under current law; (b) providing that a change in marital status on a birth certificate could only be made if the marital status information provided in the certificate is inconsistent with the other information in the certificate concerning the husband or father; (c) specifying that these statutes could not be used to add, delete or change the identity of a parent; and (d) requiring two forms of documentary evidence from early childhood to amend a birth certificate. These modifications are intended to provide stricter rules relating to changing information on a birth certificate without a court order.

Create a new process for altering facts that are misrepresented by an informant for a birth certificate. Require that changes regarding the parent or marital status of a mother on a birth certificate could be made under this process if the following apply: (a) the correction could not be made under other sections of the statutes, because the disputed information was misrepresented by the informant; (b) the state registrar receives a court order including a petition for correction filed by a person with direct and tangible interest, and certification that certain supporting evidence was presented to the court, in addition to oral testimony; (c) copies of the supporting evidence; and (d) a $20 fee for the amended vital record. Required supporting evidence would include a certified copy of the original birth certificate, a copy of the birth

worksheet, a statement of birth, or supporting documentation, any other legal document clarifying the disputed information and a statement signed by the informant or petitioner claiming that the disputed information was misrepresented. Current statutes relating to modification of a birth certificate with a court order would be modified to reflect the new process.

Marriage. Modify the statutes to reflect current practices regarding changes to marriage licenses. Provide that if, after completion of a marriage license application, one of the applicants notifies the clerk in writing that any of the information provided by that applicant is erroneous, the clerk would be required to notify the other applicant as soon as possible and prepare a new license, if the license had not been issued. For cases where the clerk discovers information has been entered erroneously, require the clerk to prepare a new license, if one has not been issued. For cases where a license has already been issued, require the clerk to send a letter of correction to the state registrar.

Modify the marriage document to include the marriage license and the marriage license worksheet. Specify that the worksheet would contain the social security number of each party, as well as any other information that DHFS determines is necessary to agree with the standard form recommended by the federal government. Currently, this information is contained in the license, itself. Providing the information on a separate worksheet would allow the information to be kept confidential. Require the county clerk to transmit the worksheet to the state registrar within five days after the issuance of the license.

Paternity. Allow a county child support agency to notify the state registrar if a court determines that a man is not the father of a child. Currently, the court has to make the notification.

[Act 16 Sections: 1483, 2057 thru 2059, 2062 thru 2064, 2067 thru 2069, 2071 thru 2073, 2075, 2077 thru 2083, 2085 thru 2092, 2101, 3782 thru 3785, 3794 and 9423(3)&(4)]

26. RURAL HEALTH DENTAL CLINICS

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR	$850,000	$650,100	$1,500,100

Joint Finance: Provide $618,000 in 2001-02 and $232,000 in 2002-03 in a new appropriation to fund a rural dental health clinic in Ladysmith in Rusk County that would serve residents a five-county area, including, Chippewa, Price, Rusk, Sawyer and Taylor Counties. The clinic would include a dentist, dental hygienist and two dental assistants and provide an estimated 4,800 patient visits annually to low-income, developmentally disabled or elderly persons. DHFS would be required to seek federal funds to support the operation of the clinic.

Assembly: Delete the Joint Finance provision that would provide $618,000 in 2001-02 and $232,000 in 2002-03 to fund a rural health dental clinic in Ladysmith in Rusk County that would serve low-income, developmentally disabled and elderly residents in a five-county area, including Chippewa, Price, Rusk, Sawyer and Taylor Counties. Under the provision, DHFS would be required to seek federal funding to support the operations of the clinic.

Senate/Legislature: Provide $294,500 in 2001-02 and $355,600 in 2002-03 for the existing rural health dental clinic located in Menomonie that provides dental services to developmentally disabled, elderly and low-income persons in Barron, Chippewa, Dunn, Pepin, Pierce, Polk and St. Croix Counties. This funding would be in addition to the Joint Finance provision that would provide funding for a clinic in Ladysmith. Require DHFS to seek federal funding to support the operations of the Menomonee clinic. The clinic has been primarily funded through a federal grant that expires September, 2001.

[Act 16 Sections: 720k and 2850bc]

27. MINORITY HEALTH PROGRAMS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR-Lapse	$0	$200,000	$200,000
PR	$500,000	$0	$500,000

Joint Finance/Legislature: Provide $250,000 annually in a new appropriation funded from tribal gaming revenues to fund minority health programs. Funding would include: (a) up to $50,000 annually for a grant for a private nonprofit corporation to conduct a public information campaign on minority health; and (b) $200,000 annually for grants of up to $50,000 for minority health programs. The unencumbered balance of the appropriation would lapse to the tribal gaming appropriation on June 30 of each year. In addition, modify the statutes to require recipients of grants to provide a match, which may be in-kind, totaling at least 50% of the amount of the grant awarded by the state. Organizations that are not federally qualified health centers would receive priority for grants.

Veto by Governor [F-26]: Delete the requirement that DHFS award grants for activities to improve the health status of economically disadvantaged minority group members in each fiscal year and request that the Secretary of DOA place $200,000 for grants in unallotted reserve in 2002-03 so that it will lapse to the tribal gaming appropriation. As a result, $200,000 would be available for grants for minority health programs on a one-time basis in 2001-02.

[Act 16 Sections: 720m, 720n, 881t, 2848r and 2848s]

[Act 16 Vetoed Section: 2848r]

28. EARLY IDENTIFICATION OF PREGNANCY [LFB Paper 1046]

PR	- $200,000

Joint Finance/Legislature: Delete $100,000 annually to eliminate temporary assistance for needy family funds (TANF) support for outreach activities for the early identification of pregnancy program. The funds were provided in 1999 Wisconsin Act 9 to make low-income women aware of the importance of prenatal and infant health care and the availability of medical assistance and other programs to support prenatal and infant care and family planning services.

29. WOMEN, INFANTS AND CHILDREN SUPPLEMENTAL FOOD PROGRAM -- ELECTRONIC BENEFITS TRANSFER STUDY

Joint Finance: Require DHFS to include the following in its study of the program and operational requirements of establishing an electronic benefit transfer (EBT) system under the supplement food program for women, infants and children (WIC): (1) information system requirements for administering a WIC EBT; (2) the compatibility of a WIC EBT system with existing EBT systems in Wisconsin; (3) the costs and benefits of implementing a WIC EBT system for the WIC program, WIC participants and food retailers; and (4) possible funding sources. Require DHFS to report on the findings of the study to the Joint Committee on Finance by January 1, 2002.

1999 Wisconsin Act 9 requires DHFS to study the program and operational requirements of establishing an EBT system for WIC, but, as a result of the Governor's partial veto, includes no parameters as to what the study must include or a deadline for a report on the findings from the study.

Assembly/Legislature: Delay from July 1, 2002, to July 1, 2003, the date by which DHFS would be required to report on its study of an electronic benefits transfer (EBT) system for the supplemental food program for women, infants and children (WIC).

[Act 16 Section: 9123(9h)]

30. STATEWIDE TRAUMA SYSTEM

	Legislature (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$685,000	2.00	- $685,000	- 2.00	$0	0.00

Assembly/Legislature: Provide $185,000 in 2001-02 and $500,000 in 2002-03 from federal funds received by the Department of Transportation under the state and community highway safety grant program, and 2.0 two-year project positions, beginning in 2001-02, to fund and implement the statewide trauma system. This item includes: (a) $60,000 in 2001-02 and $80,000

in 2002-03 to support 1.0 trauma registrar project position; (b) $60,000 in 2001-02 and $80,000 in 2002-03 to support 1.0 injury education coordinator project position; (c) $40,000 in 2001-02 for a consultant to develop information systems for the trauma system; (d) $25,000 in 2001-02 and $50,000 in 2002-03 for meeting expenses for the regional advisory trauma councils; and (e) $290,000 in 2002-03 for grants to regional trauma advisory councils. This funding would be provided in the 2001-03 biennium only.

1997 Wisconsin Act 154, as amended by 1999 Act 9, requires DHFS to implement a statewide trauma system by July 1, 2002. Under the act, DHFS is required to develop rules to implement the system, including a method to classify hospitals as to their respective emergency care capabilities. The act requires DHFS and the Statewide Trauma Advisory Council to prepare a joint report on the development and implementation of the system. The report must be approved by the Joint Committee on Finance prior to DHFS proceeding with the development of rules. DHFS submitted a report on January 25, 2001, that included a request for funding of $4.7 million and three positions.

This provision would eliminate the requirement that the Joint Committee on Finance approve the trauma system report prior to DHFS promulgating rules to develop and implement the system. It would also extend the sunset date for the Statewide Advisory Council from July 1, 2002 to July 1, 2004, and provide for the creation of regional advisory councils. In addition, it would require hospitals to certify their trauma care classification level to DHFS every three years, instead of four, as required under current law. Finally, the provision would provide that any confidential injury data collected under the system could only be used for performance improvements in the trauma care system.

Veto by Governor [C-18]: Eliminate the transfer of funding and positions for the statewide trauma system. In addition, eliminate the provisions extending the sunset date for the Statewide Advisory Council and creating regional advisory councils. The provisions that would require hospitals to reclassify their trauma care levels every three years instead of four, eliminate the requirement that the Joint Committee on Finance approve the system report, and provide that confidential injury data could only be used for trauma system improvements would be retained.

[Act 16 Sections: 2850ah and 4041k]

[Act 16 Vetoed Sections: 174p, 670, 2850ag, 9123(12r)&(12s) and 9152(2t)]

31. MILWAUKEE HEALTH CLINICS

GPR	$500,000

Senate: Provide $750,000 in 2001-02 for DHFS to provide as grants to: (a) the Milwaukee Immediate Care Center to fund continued operations ($410,000); and (b) the Martin Luther King Heritage Health Center to expand primary care examination rooms and create an emergency care clinic at the Isaac Coggs Community Health Care Center ($340,000). The Milwaukee Immediate Care Center is located on the city's north side and serves approximately 10,000

patients annually. The Isaac Coggs Community Health Care Center, also located on the city's north side, is part of the Milwaukee Health Services, Inc., which operates three clinics in the city.

Conference Committee/Legislature: Reduce funding provided by the Senate by $250,000 in 2001-02. A total of $500,000 would be available for DHFS to provide as grants to the Milwaukee Immediate Care Center ($273,300) and the Martin Luther King Heritage Health Center ($226,700).

[Act 16 Sections: 720m and 9123(14e)]

32. IMMUNIZATION REGISTRIES

FED	$ 933,700

Senate: Require DHFS to allocate $299,000 GPR and $793,500 FED in 2001-02 and $527,400 GPR and $140,200 FED in 2002-03 from amounts budgeted for contracted services relating to the administration of the MA program to develop and maintain the Wisconsin immunization registry (WIR). Expand the purposes for which expenditures could be made from the GPR MA administration appropriation to include the development and support of WIR. The registry is an automated, web-based system to centralize record keeping of immunization records for all Wisconsin children. The funding would be used to implement and support the system statewide.

Assembly/Legislature: Provide $299,000 GPR and $793,500 FED in 2001-02 and $231,000 GPR and $140,200 FED in 2002-03 for the development and support of WIR. A portion of the costs of this item would be supported with federal funds available for MA administration activities. The GPR funding would be placed in the Joint Committee on Finance appropriation to be released under a 14-day passive review process.

Require DHFS to submit a request to the Committee for the release of these funds and to include a memorandum of understanding (MOU) between DHFS and the Marshfield Clinic, on behalf of the Regional Early Childhood Immunization Network (RECIN) that specifies the amount of TANF funds budgeted for immunization activities that would be used to support immunization data collection by RECIN, outside of the area currently served by the Marshfield Clinic immunization registry system and that results in a savings for the DHFS immunization registry.

Require DHFS to submit a report on the immunization registry to the Legislature no later than January 1, 2003.

[Act 16 Sections: 706 and 9123(14k)]

33. WIC FARMERS' MARKET NUTRITION PROGRAM

GPR	$24,000
FED	56,200
Total	$80,200

Senate/Legislature: Provide $12,000 GPR and $28,100 FED annually to expand the farmers' market nutrition program (FMNP) to Vernon and Monroe Counties. FMNP is a separate grant available under the women, infants and children (WIC) supplemental nutrition program that provides coupons to WIC families, in addition to their regular WIC benefits, to purchase fresh, Wisconsin grown produce at farmers' markets. The program provides up to $20 per family per year. Funding for 2000-01 provides benefits to 41 counties and one tribe.

34. UNIFORM FEES FOR CERTAIN HEALTH CARE RECORDS

Senate: Require DHFS to promulgate rules to prescribe uniform fees for duplicate patient health care records and x-ray reports, or referral of x-rays to another health care provider of the patient's choice, that are based on an approximation of the actual cost of those records. Specify that the rules would permit the health care provider to charge the actual cost of postage or other actual delivery costs. Require DHFS to submit the proposed rules to the Legislative Council no later than the first day of the fifth month after the effective date of the bill. Specify that, beginning July 1, 2002, the fees established by rule, plus the applicable state tax, would be the maximum amount that a health care provider could charge for those records.

Specify that the same fees would apply to health care records of certain health care providers that have been subpoenaed, whether or not a court action has commenced. Provide that, for subpoenaed health care records, requested before July 1, 2002, the current fees set by DHFS by rule, plus applicable state taxes, would be the maximum amount a health care provider could charge for copies of those records. A court action would not have to be commenced in order for the maximum fee amount to apply.

Under current law, health care providers may charge reasonable costs for providing copies of a patient's health care record, x-ray report, or referral of an x-ray to another health care provider to a patient. For subpoenaed health care records, DHFS sets the fees for copies of those records by rule, based on the approximate cost of providing a copy of the record. The rule must allow providers to charge postage or other delivery costs.

Conference Committee/Legislature: Modify the Senate provision as follows: (a) require DHFS to appoint an advisory committee whose members represent a balance of persons who maintain patient health care records and persons who request patient health care records to develop rules for uniform fees for copies of health care records; (b) provide that DHFS, in determining an approximation of actual costs, may consider operating expenses (such as wages, rent, utilities and duplication equipment and supplies), varying costs of retrieval of records based on different media on which the records are maintained, the cost of separating requested patient health care records from those that are not requested, the cost of duplicating the records and the impact on costs of advances in technology; (c) specify that the prescribed fees plus

applicable tax would be the maximum amount that a health care provider may charge; (d) require DHFS to submit the proposed rules to the Legislative Council no later than the first day of the 10th month beginning after the effective date of the bill; (e) require the rules to be in place by January 1, 2003, and that the changes as to what fees may be charged would take effect January 1, 2003; and (f) require DHFS to revise the rules by January 1, 2006, and every three years thereafter to account for increases or decreases in the actual costs of providing copies of health care patient records.

Veto by Governor [C-16]: Delete provision.

[Act 16 Vetoed Sections: 2850bg thru 2850bi, 3872x, 3872y, 9123(14g) and 9423(16f)]

35. CITY-COUNTY HEALTH DEPARTMENTS

Senate/Legislature: Establish new procedures to create a city-county health department in counties with populations of less than 500,000. Under current law, counties with populations of less than 500,000 may establish a city-county health department, but the statutes do not include explicit procedures for the creation of a city-county health department.

Specify that the department would be subject to control of the city and county acting jointly under an intergovernmental agreement that specifies: (a) the powers and duties of the city-county health department; (b) the powers and duties of the city-county board of health for the city-county health department; and (c) the relative powers and duties of the city and county with respect to governance of the city-county health department and the city-county board of health.

Specify that both city-county health departments and multiple county health departments would be required to meet Chapter 251 requirements of the state statutes relating to local health officials, and would be required to serve all areas of their respective counties that are not served by other local health departments.

Eliminate the definition of a county health department. Instead, define a "county board of health" as a board of health for a single county health department or for a multiple county health department, and a "city-county board of health" as a board of health for a city-county health department. The city-county board of health would determine compensation for employees of the city-county health department.

Specify that the definition of municipal employers with regard to municipal employment relations includes an instrumentality of one or more political subdivisions of the state. As a result, the provision would clarify that employees of a city-county health department, as well as, multi-county health departments, would be eligible to participate in the collective bargaining process. Finally, specify that a local board of health may contract or subcontract with a public or private entity to provide services.

[Act 16 Sections: 1398w, 1563d, 2021n, 2609j and 3128pd thru 3128ps]

36. EXEMPTION OF MEDICAL RESIDENTS AND FELLOWS FROM HEALTH CARE INFORMATION COLLECTION

Senate: Exempt residents and fellows in medical education who participate in accredited training programs under the supervision of the medical staff of a hospital from health care information requirements under Chapter 153 of the statutes. Prohibit DHFS from collecting health care information on the practice of residents or fellows in medical education, and prohibit DHFS from including information from that practice in the information collected from the attending or supervising physician with whom a resident fellow in medical education practices.

Under current law, DHFS is responsible for collecting, analyzing and disseminating health care information. Health care providers are required to submit to DHFS information specified by rule, except that DHFS may waive the requirement if the provider presents evidence that the requirement is burdensome to the provider, under standards established by DHFS by rule. The program is funded from assessments to health care facilities and providers. The statutory maximum assessment to providers that are not facilities is $75. The current assessment is $65. There are approximately 1,500 medical residents in the state that would be exempt from the health care information requirements and assessment under this provision.

Conference Committee/Legislature: Delete provision.

37. PERMITS FOR COUNTY FAIRS

Assembly/Legislature: Exempt county or district fairs, at which 4-H Club members exhibit, from campground permit requirements for the four days proceeding and the four days following the duration of the fair. Under current law, no person, state or local government can conduct, maintain, manage or operate a campground, camping resort, recreational and educational camp or public swimming pool without a permit issued by DHFS or a local health department acting as an agent of DHFS. The current fee for a permit for a campground, which DHFS establishes by rule, ranges from $106 to $171, depending on the number of campsites.

[Act 16 Sections: 3147w and 3147x]

38. COMMUNITY WATER FLUORIDATION GRANTS

Senate: Provide $25,000 GPR annually, beginning in 2002-03, for DHFS to award annual grants to applying communities for: (1) purchasing water fluoridation equipment; (2) constructing additional building space to house water fluoridation equipment; and (3) funding salaries of employees who operate water fluoridation equipment.

These provisions, as well as others summarized under "DHFS -- Medical Assistance," "DHFS -- Health," "Marquette Dental School," "Higher Educational Aids Board," "Regulation

and Licensing," and "Wisconsin Technical College System," are based on recommendations of the Legislative Council Study Committee on Dental Care Access.

Conference Committee/Legislature: Delete provision.

39. COMMUNITY DENTAL SERVICES

Senate: Provide $1,600,000 GPR annually, beginning in 2002-03, to provide or expand community dental services. Qualified applicants would include entities that provide, or seek to provide, dental care services to low-income individuals that are not federally qualified health care centers. DHFS would give preference in awarding grants to applicants in areas that are located in dental health professional shortage areas. Grant recipients would be required to:

a. Make every attempt to collect appropriate reimbursement for its costs in providing dental services to persons who are eligible for and receiving BadgerCare, health care, MA or assistance for medical expenses under any other public assistance or have coverage under a private insurance program;

b. Prepare and utilize a fee schedule for the provision of its services consistent with locally prevailing charges that is designed to cover its reasonable costs of operation and prepare a corresponding schedule of discounts to be applied to the payment of such fees, based on the patient's ability to pay;

c. Establish a governing board that, except in the case of an applicant that is an Indian tribe or band, is composed of individuals who are representatives of persons served by the applicant and a majority of whom are being served by the applicant. The board would: (1) establish policies surrounding the entity's program operations; (2) hold regularly scheduled meetings and keep minutes; (3) approve the selection or dismissal of an entity's director or chief executive office; (4) establish personnel policies and procedures, including employee selection and dismissal procedures, salary and benefit scales, employee grievance procedures and equal opportunity practices; (5) adopt policies for financial management practices, including a system to ensure accountability for resources, approval of an annual budget, priorities for eligibility for services, including criteria for the fee schedule and long-range financial planning; (6) evaluate the entity's activities including services utilization patterns, productivity, patient satisfaction, achievement of objectives, and development of a process for hearing and resolving patient grievances; (7) ensure that the entity is operated in compliance with federal, state and local laws; and (8) adopt health care policies including scope and availability of services, location, hours of services and quality of care audit procedures.

d. Use any funds provided under the program to supplement, not replace, other available funds;

e. Implement a patient screening process to determine eligibility for MA, BadgerCare, and the devised payment schedule;

f. Provide oral health education in programs operated by and affiliated with DHFS, including the special supplemental food program for women, infants and children and head start; and

g. Provide dental screening, risk assessments and preventive dental treatment to pregnant women, infants, preschoolers and persons with disabilities, heart disease or lung disease or persons using psychotropic medication.

These provisions, as well as others summarized under "DHFS -- Medical Assistance," "DHFS -- Health," "Marquette Dental School," "Higher Educational Aids Board," "Regulation and Licensing," and "Wisconsin Technical College System," are based on recommendations of the Legislative Council Study Committee on Dental Care Access.

Conference Committee/Legislature: Delete provision.

40. ORAL HEALTH DATA COLLECTION SYSTEM

Senate: Require DHFS to prepare a plan for development of a comprehensive oral health data collection system, and submit it to the Governor and Legislature by September 1, 2002. Specify that the plan would identify data to be collected, sources for which the data could be collected, costs of implementing the system and any statutory changes that would be needed to implement the system.

These provisions, as well as others summarized under "DHFS -- Medical Assistance," "DHFS -- Health," "Marquette Dental School," "Higher Educational Aids Board," "Regulation and Licensing," and "Wisconsin Technical College System," are based on recommendations of the Legislative Council Study Committee on Dental Care Access.

Conference Committee/Legislature: Delete provision.

41. EMPLOYMENT DISCRIMINATION BASED ON CREED AND EXEMPTION FROM LIABILITY AND DISCIPLINE FOR CERTAIN HEALTH CARE PROVIDERS

Assembly: Incorporate provisions that are based on 2001 Assembly Bill 168, as amended by Assembly Amendments 1 and 2, relating to health care providers' rights to refuse to participate in activities based on moral or religious grounds as follows.

Employment Discrimination. Expand the definition of employment discrimination because of creed to specifically include discriminating against any health care provider or medical

equipment seller on the basis of the person's refusal, or statement of an intention to refuse, whether or not in writing, based on his or her creed, to participate in, or sell or provide medical equipment or supplies used for any of the following:

a. a sterilization procedure;

b. a procedure involving a drug or device that may prevent the implantation of a fertilized human ovum;

c. an abortion;

d. an experiment or medical procedure involving the destruction of a human embryo, or involving a human embryo or unborn child, at any stage of development, in which the experiment or procedure is not related to the beneficial treatment to the embryo or unborn child;

e. a procedure, including a transplant procedure, that uses fetal tissue or organs other than fetal tissue or organs from a stillbirth, spontaneous abortion or miscarriage;

f. withholding or withdrawal of nutrition or hydration, if the withholding or withdrawal of nutrition or hydration would result in the patient's death from malnutrition or dehydration, or complications from malnutrition or dehydration, rather than from the underlying terminal illness or injury, unless the administration of nutrition or hydration is medically contraindicated; or

g. an act that intentionally causes or assists in causing the death of an individual such as by assisted suicide, euthanasia or mercy killing.

There would be no exception for the employer to show that such refusal poses an undue hardship on the employer's program, enterprise or business.

Current law provides that employment discrimination because of creed includes, but is not limited to, refusing to reasonably accommodate an employee's or prospective employee's religious observance or practice unless the employer can demonstrate that the accommodation would pose an undue hardship on the employer's program, enterprise or business.

For purposes of employment discrimination, define "health care provider" as an individual who is licensed, registered, permitted or certified by DHFS or DRL to provide health care services in this state, or who provides health care services as directed, supervised or inspected by such an individual. Define "medical equipment seller" as an individual whose employment duties include selling or supplying medical equipment or supplies.

Right to Refuse to Participate in Certain Activities. Modify current laws that allow physicians, hospital employees, nurses and certain other health care providers the right to refuse to participate in sterilization procedures or removal of a human embryo or fetus, on the

basis of moral or religious beliefs, to include the right to refuse to participate in any one of the seven activities listed above.

Provide hospitals the right to refuse to admit any patient or allow the use of the hospital facilities for any of those activities.

Persons who indicate, in writing, their refusal or intent to refuse to participate in any of the seven activities listed above would be protected from discrimination, recrimination and discipline, in addition to any liability resulting from damage caused by their refusal to participate in those activities.

Specify that the receipt of any grant, contract, loan or loan guarantee under any state or federal law may not authorize a court, public official or public authority to require individuals to participate in any of the seven identified activities, or make facilities available for performance of such activities.

Specify that the right to refuse to participate in such activities by a physician or physician's assistant would include refusal or stating to refuse, on moral or religious grounds, to transfer the activity to another physician who will comply with certain declarations authorizing the withholding or withdrawal of life-sustaining procedures or feeding tubes, and exercising the right to accept, maintain, discontinue or refuse health care. It would not apply to the refusal to make a good faith attempt to transfer certain persons who lack the capacity to manage their health care decisions, and who have a terminal condition, to another physician who will comply with a declaration to withhold or withdraw a life sustaining procedure or feeding tubes.

Pharmacist's Refusal to be Involved in Certain Activities. Create a pharmacist's right to refuse to be involved in certain activities.

Provide that a licensed pharmacist is immune from liability for any damage caused by his or her refusal to be involved in the performance of, assistance in, recommendation of, counseling in favor of, making referrals for, prescribing, dispensing or administering drugs for, or otherwise promoting, encouraging or aiding any of the seven activities identified above.

Injunctive Relief or Damages. Provide that any person who is adversely affected by, or who reasonably may be expected to be adversely affected by, conduct that is a violation of these provisions may bring a civil action for injunctive relief, including reinstatement, damages for emotional or psychological distress, or both injunctive relief and damages. A court would be required to award reasonable attorney fees to any person who obtains such relief, damages or both.

Definitions. For the purposes of these provisions, define "human embryo" as any organism that is derived by fertilization, parthenogenesis, cloning or any other means from one or more human gametes or human diploid cells. Define "participate in" as meaning to perform, assist in, recommend, counsel in favor of, make referrals for, prescribe, dispense or administer drugs for, or otherwise promote, encourage or aid.

Other Provisions. In addition to the provisions included in AB 168 as amended, provide that a declaration from a person, who is 18 years or older and of sound mind, that authorizes the withholding or withdrawal of life sustaining procedures or of feeding tubes when the person is in a terminal condition or is in a persistent vegetative state, be reviewed by the attending physician. Provide that if the physician intends to invoke his or her rights to refuse to participate, the physician would be required to inform the declarant in writing of that intent and of the physician's concerns, if any, about the declaration.

Further, provide that if a health care provider is a physician, the physician must review any power of attorney for health care instrument or a statement of incapacity that he or she receives on the behalf of his or her patient. If the physician intends to invoke his or her rights not to participate in activities in which they would be protected under the provisions summarized above, the physician would be required to inform the declarant or principal orally and in writing of that intent, and of the physician's concerns, if any about the declaration, instrument or statement.

Initial Applicability. These provisions would first apply to refusals made, statements of an intention to refuse made, notifications of the existence of a declaration that occur, and instruments or statements reviewed on the bill's general effective date.

Conference Committee/Legislature: Delete provision.

42. USE OF FETAL BODY PARTS, EMBRYOS, STEM CELLS AND STEM CELL LINES FOR RESEARCH

Assembly: Prohibit the use of a fetal body part, an embryo, an embryonic stem cell or an embryonic stem cell line for purposes of research, except permit a person, at any time, to use for research purposes, an embryonic stem cell or an embryonic stem cell line that exists before January 1, 2002, or an embryonic stem cell line derived from an embryonic stem cell that exists before January 1, 2002.

Provide that any person who violates this provision may be fined not more than $50,000 or imprisoned not more than seven years and six months, or both.

Define "embryo" as a human being from the point of fertilization, including the single-cell state, until approximately the end of the second month. Define "embryonic stem cell" as a totipotent or pluripotent cell of the human body that is derived from an embryo. Define "embryonic stem cell line" as embryonic stem cells that are capable of prolonged proliferation in culture as totipotent or pluripotent embryonic stem cells. Define "fetal body part" as a cell, tissue, organ or other part of a human being after fertilization who is aborted by an induced abortion. Define "pluripotent" as capable of giving rise to most tissues of a human organism. Define "totipotent" as having the capacity to specialize into human extraembryonic membranes and tissues, the human embryo and all postembryonic human tissues and organs.

This provision would first apply to the use of a fetal body part, embryo, stem cell or stem cell line on the general effective date of the bill.

Conference Committee/Legislature: Delete provision.

43. PUBLIC FUNDING FOR AGENCIES THAT ENGAGE IN ABORTION-RELATED ACTIVITIES

Assembly: Make the following changes to laws relating to public funding for agencies that engage in abortion-related activities:

Intent. Provide that it is the intent of the Legislature to further the profound and compelling state interest to: (a) protect the life of an unborn child throughout pregnancy by favoring birth over abortion and implementing that value judgment through the allocation of public resources; (b) ensure that the state, state agencies and local governmental units do not lend their imprimatur to abortion-related activities; and (c) ensure that organizations that engage in abortion-related activities do not receive direct or indirect economic or marketing benefit from public funds.

Definitions of Family Planning and Prenatal Care. Define "family planning," as it relates to prohibitions on funding for abortion-related activities, as the process of establishing objectives for number and spacing of one's children and selecting the means by which those objectives may be achieved, including a broad range of acceptable and effective methods and services to limit or enhance fertility, including contraceptive methods including natural family planning and abstinence, the management of infertility, including adoption and preconceptional counseling, education and general reproductive health care, including diagnosis and treatment of infections that threaten reproductive capability. Specify that family planning does not include pregnancy care, including obstetric or prenatal care. Define "prenatal care" as medical services provided to a pregnant woman to promote maternal and fetal health.

Prohibition of Funds under the Division of Public Health Maternal and Child Health Program. Specify that the prohibition on the use of funds of the state or any local governmental unit, or federal funds passing through the state treasury under this section include funding under the state maternal and child health program.

Prohibited Abortion-Related Activities. Expand the types of activities that a program could conduct that would preclude the program from receiving public funding to include: (a) acting to assist women to obtain abortions; (b) acting to increase the availability or accessibility of abortions for family planning purposes; (c) lobbying for the passage of legislation to increase in any way the availability of abortion as a method of family planning; (d) providing speakers to promote the use of abortion as a method of family planning; (e) paying dues to a group that as a significant part of its activities advocates abortion as a method of family planning; (f) using legal action to make abortion available in any way as a method of family planning; and (g)

developing or disseminating in any way materials, including printed matter and audiovisual materials, advocating abortion as a method of family planning.

Eliminate Provision of Nondirective Information Explaining Pregnancy Termination. Repeal the provision that specifies that the prohibitions do not prohibit the provision of nondirective information explaining pregnancy termination. Instead, provide that an organization that receives state, local or federal funds passing through the state treasury, that directly or indirectly involves pregnancy programs is not prohibited from promoting, encouraging or counseling in favor of, or referral either directly or through an intermediary, for prenatal care and delivery and infant care, foster care or adoption.

Eliminate Exception for Activities that Result in Loss of Federal Funds. Repeal the provision that provides that restrictions on the use of funds for certain abortion-related activities only apply to the extent that the restriction does not result in the loss of federal funds, including the state maternal and child health program.

Prohibit Funds for Organizations that are Affiliated with Organizations that Engage in Abortion-Related Activities. Provide that no funds of the state or any local governmental unit or federal funds passing through the state treasury that directly or indirectly involve pregnancy programs, projects or services may be paid to an organization or affiliate of an organization that engages in abortion-related activities, or that receives funds from any source that requires, as a condition for receipt of the funds, that the organization or affiliate engage in abortion-related activities. The following exceptions would apply: (a) the organizations are physically and financially independent from each other and do not share the same, or similar, name, medical facilities or business offices, equipment or supplies, services, any income, fund raising activities, expenses, employees, employee wages or salaries or databases, including clients; (b) the organization that receives funds is separately incorporated from its independent affiliate that engages in an abortion-related activity; or (c) the organization that receives funds maintains financial records and database records that demonstrate that its independent affiliate that engages in abortion-related activities receives no direct or indirect economic or marketing benefit from the program funds.

No organization that receives these public funds for programs involving pregnancy-related services could transfer any of those funds, or any other public funds to an organization or an affiliate of an organization that engages in abortion-related activities.

Legislative Audit Bureau Review. Require the Legislative Audit Bureau (LAB) to conduct an audit of each organization that receives state, local or federal pass through funds or other funds, relating pregnancy programs, and the state agency or local government unit that authorizes payment of those funds, at least once every three years to determine if the organizations, state agencies and local governmental units have strictly complied with these prohibitions on funding and services. Require the LAB to audit organizations that are affiliates of organizations that perform abortion-related services at least annually.

Writ for Violation of Provisions. Allow a person to file a petition for a writ of mandamus or prohibition with the circuit county for the county where a violation of these provisions is alleged to have occurred or proposed to occur.

Effective Date. Provide that provisions that relate to publicly funded organizations would apply to contracts or collective bargaining agreements on the day that the contract or collective bargaining agreement expires, or is extended, modified or renewed, whichever occurs first.

Conference Committee/Legislature: Delete provision.

44. ABORTION -- PROHIBITIONS RELATING TO PUBLIC EMPLOYEES AND PUBLIC PROPERTY

Assembly: Prohibit abortion-related activities by public employees and abortion-related activities on public property, as follows:

Public Employees. Prohibit a person employed by the state, a state agency, a local governmental unit, or by an authority from doing any of the following while acting within the scope of his or her employment: (a) providing or assisting in providing an abortion, unless the abortion is directly and medically necessary to save the life of the pregnant woman; (b) aiding or encouraging a pregnant woman to have an abortion, unless the abortion is directly and medically necessary to save the life of the pregnant woman; (c) making abortion referrals either directly or through an intermediary, unless the abortion is directly or medically necessary to save the life of the pregnant woman; or (d) requiring, providing, referring for or making arrangements for the provision of training in the performance of a medical treatment or surgical procedure for the purpose of performing or inducing an abortion. The provisions would first apply on the effective date of the bill.

Public Property. Provide that, beginning on the effective date of the bill, public property could not be used to do any of the following: (a) provide or assist in providing an abortion, unless the abortion is directly and medically necessary to save the life of the pregnant woman; (b) aid or encourage a pregnant woman to have an abortion, unless the abortion is directly or medically necessary to save the life of the pregnant woman; (c) make abortion referrals either directly or through an intermediary, unless the abortion is directly and medically necessary to save the life of the pregnant woman; (4) require, provide, refer for or make arrangements for the provision of training in the performance of a medical treatment or surgical procedure for the purpose of performing or inducing an abortion.

Provide that these provisions would not prohibit a private person from using police or fire protection services or any services provided by a public utility. In addition, specify that these provisions would not apply to public property that is leased to a private person under a lease agreement entered into before the effective date of the bill, until the lease agreement expires, or is extended, modified or renewed.

Penalties. Any person who violates the provisions prohibiting public employees from engaging in abortion-related activities would be required to forfeit not less than $500 and not more than $1,000 for each offense. Any person who violates the provisions relating to the use of public property for abortion-related activities would be required to forfeit not less than $2,000 or more than $5,000 for each offense.

Specify that these penalties may not be construed to limit the power of the state, a state agency, a local unit of government or an authority to discipline an employee.

Definitions. Define "abortion" as the use of an instrument, medicine, drug or other substance or device with the intent to terminate the pregnancy of a woman known to be pregnant or for whom there is reason to believe that she may be pregnant and with intent other than to increase the probability of a live birth, to preserve the life or health of the infant after live birth or to remove a dead fetus.

Define "authority" as the Wisconsin Health and Educational Facilities Authority and the University of Wisconsin Hospital and Clinics Authority.

Define "local governmental unit" as a city, village, town, county or school district or an agency or subdivision of a city, village, town, county or school district.

Define "public property" as a public facility, public institution or other building or part of a building that is owned, leased or controlled by the state, a state agency, a local governmental unit or an authority, or any equipment or other physical asset that is owned, leased or controlled by the state, a state agency, a local governmental unit or an authority.

Define "state agency" as an office, department, agency, institution of higher education, association, society or other body in state government created or authorized to be created by the constitution or any law, which is entitled to expend moneys appropriated by law, including the legislature and the courts.

Legislative Intent. Provide that it is the intent of the Legislature that these provisions further the profound and compelling state interest in protecting the life of an unborn child throughout pregnancy by favoring childbirth over abortion and implementing that value judgment through the allocation of public resources.

Conference Committee/Legislature: Delete provision.

Care and Treatment Facilities

1. STATE CENTERS -- CIP IA BUDGET REDUCTIONS [LFB Paper 500]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $12,385,000	- 92.24	$1,387,000	1.69	- $10,998,000	- 90.55

Governor: Delete $6,192,500 annually and 92.24 positions, beginning in 2001-02, to reflect the relocation of residents from the Centers for the Developmentally Disabled into community settings under the community integration program (CIP IA) during the 1999-01 biennium. The following annual adjustments would be made at each Center: (a) Central Center, -$1,432,300 and -30.18 positions; (b) Northern Center, -$2,585,000 and -23.71 positions; and (c) Southern Center, -$2,175,400 and -38.35 positions. Reductions in funding and staff are due to the relocation of 54 residents from the Centers during 1999-00 and a projected 37 residents that will be placed during the 2000-01 fiscal year.

Increase the current statutory amounts by which the budgets of the state Centers are reduced following a CIP IA placement to $200 per day, beginning on July 1, 2001, and to $225 per day, beginning on July 1, 2002.

Joint Finance/Legislature: Increase funding by $693,500 annually and restore 1.69 positions, beginning in 2001-02, to reflect a reestimate of the number of CIP IA placements that will be made during the 2000-01 fiscal year. It is estimated that 27 CIP IA placements will be made in the 2000-0 fiscal year, rather than 37, as had been assumed by the Governor. Increase medical assistance (MA) benefits funding by $286,100 GPR and $407,400 FED in 2001-02 and $287,800 GPR and $405,700 FED in 2002-03 to reflect the effect of this change on projected MA costs. The MA effect of this change is identified under "Medical Assistance."

[Act 16 Section: 1767]

2. SAND RIDGE SECURE TREATMENT CENTER [LFB Paper 504]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$11,190,400	- $59,000	$11,131,400

Governor: Provide $5,386,200 in 2001-02 and $5,804,200 in 2002-03 to fully fund the non-salary costs of the new Sand Ridge Secure Treatment Center (SRSTC) in the 2001-03 biennium. 1999 Wisconsin Act 9 provided funding to operate the SRSTC for the last three months of 2000-

01, based on an April, 2001, projected opening date. Under a standard budget adjustment, $11,703,600 annually is provided to fully fund salary and fringe benefits costs for the positions authorized in Act 9.

Joint Finance/Legislature: Delete $59,000 in 2001-02 to correctly reflect the savings in fringe benefit costs that will result because of the delay in the opening of the facility.

3. FUEL AND UTILITIES

GPR	$632,900
PR	1,612,900
Total	$2,245,800

Governor/Legislature: Provide $1,115,200 ($249,600 GPR and $865,600 PR) in 2001-02 and $1,130,600 ($383,300 GPR and $747,300 PR) in 2002-03 to fund projected increases in the cost of fuel and utilities for facilities administered by the Division of Care and Treatment Facilities.

4. FOOD AND VARIABLE NONFOOD COSTS [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$1,329,000	- $408,800	$920,200
PR	766,500	- 209,800	556,700
Total	$2,095,500	- $618,600	$1,476,900

Governor: Provide $314,800 ($183,500 GPR and $131,300 PR) in 2001-02 and $1,780,700 ($1,145,500 GPR and $635,200 PR) in 2002-03 to fund projected increases in the costs of food (-$117,100 GPR and $118,200 PR in 2001-02 and $42,400 GPR and $164,300 PR in 2002-03) and variable nonfood costs, such as medical care, drugs, clothing and other supplies ($300,600 GPR and $13,100 PR in 2001-02 and $1,103,100 GPR and $470,900 PR in 2002-03) for persons who receive care at the Centers for the Developmentally Disabled, the Mental Health Institutes, the Wisconsin Resource Center and the Sand Ridge Secure Treatment Center.

Joint Finance/Legislature: Delete $236,700 GPR and $82,300 PR in 2001-02 and $172,100 GPR and $127,500 PR in 2002-03 to reflect revised estimates for food and variable non-food costs at the institutions. Reduce MA benefits funding by $27,000 GPR and $38,400 FED in 2001-02 and $51,100 GPR and $72,000 FED in 2002-03. The MA effect of this change is identified under "Medical Assistance."

5. EXPAND INTENSIVE TREATMENT SERVICES AT THE CENTERS

	Funding	Positions
PR	$1,124,000	20.00

Governor/Legislature: Provide $483,000 in 2001-02 and $641,000 in 2002-03 and 20.0 positions, beginning in 2001-02, to expand the number of intensive treatment beds at the state Centers for the Developmentally Disabled by 14 beds, from 36 beds

to 50 beds. The funding and positions would be divided between Northern and Southern Centers. Intensive treatment beds are used to provide short-term care to individuals with developmental disabilities who have behavior or psychiatric crises. Counties pay the nonfederal costs of care for individuals who receive intensive treatment. Consequently, the source of the program revenue would be federal MA funds transferred from the MA benefits appropriation and county payments.

[Act 16 Sections: 1492, 1789, 1962 and 1972]

6. MENDOTA JUVENILE TREATMENT CENTER

PR	$661,800

Governor/Legislature: Provide $204,500 in 2001-02 and $457,300 in 2002-03 to support increases in salary and fringe benefit costs for staff at the Mendota Juvenile Treatment Center (MJTC).

The MJTC provides treatment services for youths transferred from the state's juvenile correctional institutes (JCIs) who have serious behavior problems, mental illnesses or personality disorders. There are 43 secured adolescent correctional beds at the MJTC. The overhead and indirect costs of the MJTC are funded by GPR budgeted in DHFS, while the direct care costs are funded by PR transferred from DOC from daily charges to counties for youth sent to the state's JCIs and from a GPR supplement budgeted in DOC.

7. SUPERVISED AND CONDITIONAL RELEASE [LFB Paper 502]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$572,400	- $240,900	$331,500

Governor: Provide $572,400 in 2002-03 to: (a) lease a transitional 10-bed housing facility in southern Wisconsin for sexually violent persons on supervised release ($482,400); and (b) fund projected increases in the cost of providing services to persons on conditional and supervised release ($90,000). Currently, there are nine individuals on supervised release and 247 persons released from state prisons who are on conditional release. Base funding to support services to these individuals is $4,060,300 GPR.

Joint Finance: Modify the Governor's recommendations as follows:

Funding. Delete $350,700 in 2001-02 and provide $109,800 in 2002-03 to reflect: (a) a reestimate of the costs of providing services to persons on conditional and supervised release ($139,600 in 2001-02 and $350,700 in 2002-03); (b) projected cost savings of funding the program on a cash accounting basis (-$490,300 in 2001-02); and (c) cost savings of delaying the start date for the new 10-bed facility from November 1, 2002, to March 1, 2003 (-$240,900 in 2002-03).

Modify current law to authorize the DOA Secretary to encumber less than the amount of the contract for services provided to individuals on conditional or supervised release if it is expected that billing for that contract may be submitted in the next fiscal year.

Placement of Persons on Supervised Release. Prohibit the placement of any person or persons on supervised release in a residential facility or dwelling that is within 2,500 feet of another residential facility or dwelling in which is placed a person or persons on supervised release or offenders on probation, parole or extended supervision who are required to register as sex offenders under the state sex offender registry law.

Senate: Specify that the county department of the county of residence is responsible for identifying a residence for sexually violent persons placed on supervised release. Specify that an identified residence is subject to approval by the DHFS, and require the county of residence to furnish the court a written description of the residence before the hearing on supervised release.

Require the county department of the person's county of residence to work with DHFS in the preparation of a plan for supervised release. Specify that the county department of the person's county of residence may arrange for another county to prepare the plan if that county agrees to prepare the plan.

Require the state agency with the authority or duty to release or discharge the person, rather than the court, to determine the county of residence, and require the state agency to determine the county of residence prior to notifying the Attorney General and the district attorney of the pending release of someone that meets the criteria for a sexually violent person.

Specify that, if the Attorney General does not file a petition for commitment of a person identified as meeting the criteria for a sexually violent person, the district attorney of the person's county of residence would be authorized to file a petition for commitment, and specify that other entities could not file a petition unless both the Attorney General and the district attorney of the county of residence did not file a petition for commitment.

Allow a petition for commitment under Chapter 980 to be filed in the circuit court for the person's county of residence. Also, upon the request of the district attorney of the person's county of residence, allow the venue in an action commenced by a petition under Chapter 980 to be transferred to the circuit court for the person's county of residence.

Require that the county department in the person's county of residence be notified if a court determines that a person, who is subject to a petition for commitment, is determined to be a sexually violent person. Require that a copy of the required written reports done by examiners be provided to the person's county of residence. Provide that, if a person petitions for supervised release, the court must serve a copy of that petition on the county department in the person's county of residence. If the person petitions for supervised release through counsel, require the person's attorney to serve the county department in the person's county of residence.

Conference Committee/Legislature: Delete the Joint Committee on Finance provision that would have prohibited the placement of any persons or persons on supervised release in a residential facility or dwelling that is within 2,500 feet of another residential facility or dwelling in which is placed a person or persons on supervised release or offenders on probation, parole or extended supervision who are required to register as sex offenders.

Require DHFS to use its best efforts to place any person on supervised release in a residential facility or dwelling that is in the person's county of residence. Require DHFS to determine a person's county of residence by: (a) considering residence as the voluntary concurrence of physical presence with intent to remain in a place of fixed habitation and consider physical presence as prima facie evidence of intent to remain; and (b) applying the criteria for consideration of residence and physical presence in (a) to the facts that existed on the date the person committed the serious sex offense that resulted in the sentence, placement or commitment that was in effect when the petition was filed for commitment as an SVP.

Require DHFS to consider the proximity of any potential placement to the residence of other persons on supervised release and to the residence of persons who are in the custody of the Department of Corrections and for whom a sex offender notification bulletin has been issued to law enforcement agencies. Require the Department of Corrections to coordinate with DHFS the sharing of address information of persons for whom notification bulletins are issued.

Specify that these provisions would first apply to petitions for supervised release filed on the bill's general effective date.

Veto by Governor [C-23]: Delete the provision that would have authorized the DOA Secretary to encumber less than the amount of the contract for services provided to individuals on conditional or supervised release if it is expected that billing for that contract may be submitted in the next fiscal year.

[Act 16 Sections: 3352r, 4034yg, 4034yt and 9359(12j)]

[Act 16 Vetoed Section: 248t]

8. SHARED SERVICES

GPR	$210,700
PR	62,000
Total	$272,700

Governor/Legislature: Provide $83,300 GPR and $23,100 PR in 2001-02 and $127,400 GPR and $38,900 PR in 2002-03 to fund the cost of salary increases for shared services positions. These positions perform tasks for more than one institution operated by the Division of Care and Treatment Facilities and are supported by charges paid by the institutions that benefit from the services. The charges are paid from the institutions' supplies and services budget. The bill would increase the related supplies and services budgets at these institutions to pay higher charges due to projected salary increases for shared services positions.

9. STATE CENTERS -- EXPANDED SERVICES [LFB Paper 504]

PR	$51,000

Governor: Provide $25,500 annually and transfer $2,023,200 and 25.0 positions in 2001-02 and $2,024,700 and 25.0 positions in 2002-03 from the Division of Care and Treatment Facilities PR general program operations appropriation to a new PR appropriation that would fund expanded services provided by the Mental Health Institutes and the Centers for the Developmentally Disabled.

Authorize the Centers to offer short-term residential services, dental and mental health services, physical therapy, psychiatric and psychological services, general medical services, pharmacy services and orthotics when DHFS determines that community services need to be supplemented. Specify that these expanded services may only be provided under a contract between DHFS and a public or private entity within the state for persons referred from those entities.

Require DHFS to charge the referring entity all costs associated with providing the services and to credit these revenues to the new PR appropriation. Prohibit DHFS from directly providing services to individuals without a referral and imposing a charge for services to the person receiving the services or the person's family members. Specify that DHFS could not be required, by court order or otherwise, to offer expanded services.

Specify that the expanded services would be subject to the laws and regulations related to a private entity that would provide those services and by the terms of the contract, except that, in the event of a conflict between the contractual terms and the related rules and regulations, the services must comply with the provisions that are most protective of the recipient's welfare or rights.

Exempt contracted services from zoning or other ordinances or regulations of the county, city, town or village in which the services are provided or the facility is located. Exempt contracted services from certain statutory provisions that would restrict the ability of an entity to contract directly with DHFS. Specify that a residential facility operated by a Center to provide expanded services may not be considered to be a hospital, an inpatient facility, a state treatment facility or a treatment facility.

1999 Wisconsin Act 9 authorized the Mental Health Institutes to offer expanded services under conditions similar to those proposed for the Centers.

Joint Finance/Legislature: Authorize DHFS to offer all therapy services that are supportive for an individual with developmental disabilities at the Centers, rather than physical therapy services, exclusively.

[Act 16 Sections: 699, 700, 1490, 1961, 1963 and 1964]

10. MENTAL HEALTH INSTITUTES -- REVISED FUNDING SPLIT [LFB Paper 503]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$499,500	- 0.15	- $2,019,200	- 9.70	- $530,200	- 1.58	- $2,049,900	- 11.43
PR	- 499,500	0.15	2,019,200	9.70	530,200	1.58	2,049,900	11.43
Total	$0	0.00	$0	0.00	$0	0.00	$0	0.00

Governor: Provide $249,400 GPR and delete $249,400 PR in 2001-02 and provide $250,100 GPR and delete $250,100 PR in 2002-03 to reflect projected changes in the mix of populations at the MHIs between forensic patients, whose care is supported by GPR, and other patients, whose care is supported by program revenues contributed by counties and third-party payers. Convert 0.15 GPR position to PR, beginning in 2001-02, to reflect these population projections. DHFS projects that the population mixes will change from 73% GPR/27% PR to 69% GPR/31% PR at Mendota MHI and from 57% GPR/43% PR to 54% GPR/46% PR at Winnebago MHI.

Joint Finance: Decrease funding by $1,009,600 GPR in 2001-02 and by $1,009,600 GPR in 2002-03 and increase PR funding by corresponding amounts, and convert 9.70 GPR positions to PR positions, beginning in 2001-02, to reflect a reestimate of the appropriate funding split.

Assembly/Legislature: Delete $265,100 GPR and provide $265,100 PR annually to reflect a reestimate of the appropriate funding split. In June, 2001, the Joint Committee on Finance approved a s. 16.515 request to increase positions at the MHIs that is expected to increase the percentage of patients at the MHIs that will be supported by PR in the 2001-03 biennium. Consequently, a greater share of the MHIs' costs should be supported from PR. Convert 1.58 GPR positions to PR, beginning in 2001-02, to reflect this adjustment.

[Act 16 Section: 9123(14L)]

11. INPATIENT COMPETENCY EXAMINATIONS -- CHARGING COUNTIES FOR EXCESSIVE STAYS [LFB Paper 504]

Governor: Authorize the state Mental Health Institutes (MHIs) to charge counties the normal daily rate for defendants who are sent to the MHIs when the county does not return the defendant to jail within a reasonable time after completing an inpatient competency examination. Specify that counties would be charged for defendants beginning 48 hours, not including Saturdays, Sundays and legal holidays, after the sheriff and county receive notice that the examination has been completed.

In addition, assign the sheriff of the defendant's county of residence the responsibility to provide transportation between the jail and the MHIs when an inpatient competency examination is required for a defendant, and require that the return transportation be done within a reasonable time after DHFS notifies the sheriff and the county that the examination is

completed. Under current law, the court that orders the competency examination is responsible for arranging transportation for the patient, and is required to arrange the return of the defendant within a reasonable time after receiving notice that an examination has been completed.

Joint Finance/Legislature: Replace references to the individual or defendant's county of residence with references to the county in which the court is located.

[Act 16 Sections: 1970, 1971 and 3999]

12. OUTPATIENT COMPETENCY EXAMINATIONS IN MILWAUKEE COUNTY [LFB Paper 504]

Governor: Repeal the requirement that DHFS contract with Milwaukee County to conduct outpatient competency examinations in Milwaukee County and to provide up to $484,300 annually to Milwaukee County to conduct these examinations. Instead, authorize DHFS to distribute funds from a Division of Care and Treatment Facilities (DCTF) appropriation to a county agency, public agency or private agency to provide competency examinations in Milwaukee County. Transfer $484,300 GPR annually from the Division of Supportive Living to DCTF to reflect this change.

Joint Finance: Delete the provision that would direct DHFS to distribute funds under a DCTF appropriation for competency examinations. This authority is already provided in the appropriation language.

Senate: Retain the requirement that DHFS contract with Milwaukee County to conduct outpatient examinations in Milwaukee County and to provide up to $483,300 annually to Milwaukee County to conduct these examinations.

Conference Committee/Legislature: Delete the Senate provision, but modify the Joint Finance provision by specifying that this new authority would first apply to grants for competency examinations made on the bill's general effective date.

[Act 16 Sections: 697, 1558 and 9323(16d)]

13. FIFTH STANDARD FOR EMERGENCY DETENTION AND INVOLUNTARY COMMITMENT

Assembly/Legislature: Incorporate the provisions of 2001 Assembly Bill 182 into the bill, which would modify current law relating to emergency detentions and involuntary commitments for persons with mental illness under the "fifth standard" to: (a) eliminate the fifth standard as a basis for an emergency detention; (b) make permanent the use of the fifth standard as a basis for involuntary commitments by eliminating the current December 1, 2001,

sunset date; (c) require that the review and approval by the Attorney General of a petition for an involuntary commitment based on the fifth standard be done prior to filing the petition for commitment, rather than within 12 hours after the petition is filed; (d) makes permanent the requirement that the Attorney General review and approve involuntary commitments based on the fifth standard by eliminating the provision that would end such review if the Attorney General makes a finding that a court of competent jurisdiction in this state upheld the constitutionality of the use of the fifth standard; and (e) provide access by corporation counsel to an individual's files and court proceedings and treatment records without informed consent of the person to the same extent that the individual's attorney or guardian has access for purposes of preparing for a proceeding for involuntary commitment of the person.

1995 Wisconsin Act 292 established a new standard, in addition to the four existing standards, upon which a person may be subjected to a 72-hour emergency detention for treatment of mental illness when the individual exhibits certain acts, omissions or other behavior that indicates the person is dangerous to themselves or others. Act 292 established a new standard, which is commonly referred to as the "fifth standard," for involuntary commitments to a treatment program for an extended period. Act 292 provided that both emergency detentions and involuntary commitments based on the fifth standard would sunset on December 1, 2001. Act 292 also required the Attorney General to review and approve emergency detentions under the fifth standard within 12 hours of the emergency detention and involuntary commitments under the fifth standard within 12 hours of the filing of the petition for involuntary commitment. Act 292 provided for the termination of reviews by the Attorney General if the Attorney General finds that the constitutionality of the fifth standard has been upheld by a Wisconsin Court.

The fifth standard requires that all of the following conditions apply to a person with mental illness: (a) the person shows incapability of expressing an understanding of the advantages and disadvantages of and alternatives to accepting a particular medication or treatment after these have been explained to him or her or the person evidences a substantial incapability of applying an understanding of those advantages, disadvantages, and alternatives to his or her mental illness in order to make an informed choice as to whether to accept or refuse treatment; (b) the person evidences a substantial probability, as demonstrated by both his or her treatment history and recent acts or omissions, that he or she needs care or treatment to prevent further disability or deterioration; and (c) the person evidences a substantial probability that he or she will, if left untreated, lack services necessary for his or her health or safety and suffer mental, emotional, or physical harm that will result in either the loss of his or her ability to function independently in the community or the loss of cognitive or volitional control over his or her thoughts or actions.

[Act 16 Sections: 1966d thru 1966n, 1966t thru 1966x, 1993p, 2853r thru 2853u, 4034zb thru 4034zm, 4041d thru 4041g and 9123(15e)]

14. RIGHTS OF PERSONS COMMITTED AS SEXUALLY VIOLENT PERSONS

Assembly: Modify statutory provisions relating to patient rights for persons who are committed to a state institutional facility as a sexually violent person (SVP) under Chapter 980 as follows.

Limitations on Sending and Receiving Mail. Limit the rights of SVPs to send and receive mail as follows.

If the mail appears to be from legal counsel, a court, a government official or a private physician or licensed psychologist, an officer or staff member of the facility at which the patient is placed may delay delivery of the mail to the patient for a reasonable period of time to verify whether the person named as the sender actually sent the mail, may open the mail in the presence of the patient and inspect it for contraband or may, if the officer or staff member cannot determine whether the mail contains contraband, return the mail to the sender along with notice of the facility mail policy.

If the mail is to or from a person other than a person specified above, an officer or staff member of the facility at which the patient is placed may open the mail outside the presence of the patient and inspect it for contraband or other objects that pose a threat to security at the facility. Further, if the mail appears to be from a person other than a person specified above, the director of the facility or his or her designee may, in accordance with the standards and procedure for denying a right for cause, authorize a member of the facility treatment staff to read the mail, if the director or his or her designee has reason to believe that the mail could pose a threat to security at the facility or seriously interfere with the treatment, rights or safety of others.

Access to Certain Records. Include references to facilities for the institutional care of SVPs as it relates to restrictions on access to certain types of records. Under current law, under certain circumstances, persons do not have the right to inspect certain types of records that contain personally identifiable information that, if disclosed, would endanger the security, including the security of the population or staff, of specified institutional facilities.

Use of Restraint during Transport and Use of Isolation during Hospital Stays. Authorize the restraint of individuals who are detained or committed as SVPs for security reasons during transport to or from a facility. Authorize the use of isolation within locked facilities in the hospital for security reasons when a person is transferred to a hospital for medical care.

Night Lock, Emergency Lock-up of Patients and Use of Isolation. Authorize the use of night lock for persons detained or committed as SVPs on maximum or medium security units that are equipped with a toilet and sink, or if the SVPs reside in a unit in which each room is not equipped with a toilet and sink and the number of patients outside their rooms equals or exceeds the number of toilets in the unit, except that patients who do not have toilets in their rooms must be given an opportunity to use the toilet at least once every hour, or more frequently if medically indicated. Add references to SVPs and units that house SVPs to current

provisions authorizing institutional staff, under limited circumstances, to lock patients in their rooms on a unit-wide or facility-wide basis. Require each unit that houses SVPs to have a written policy covering the use of isolation.

Filming and Taping Patients. Authorize a facility to film or tape detained or committed SVPs for security purposes without the patient's consent, except prohibit filming a patient in bedrooms or bathrooms for any purpose without the patient's consent.

Residence for Voting Purposes. Specify that, for voting purposes, the residence for a person who is detained or committed and institutionalized would be determined by applying the following standards to whichever of the following dates is applicable to the circumstances of the person.

For individuals who are involuntary detained or committed and institutionalized, the date that the person was detained or committed.

For persons determined to be incompetent or who are found not guilty by reason of mental disease or mental defect, the date of the offense or alleged offense that resulted in the person's commitment.

For a person who is detained or committed as an SVP, the date that the person committed the sexually violent offense that resulted in the sentence, placement or commitment that was in effect when the state filed a petition against the person.

Specify that the person's habitation was fixed at the place established above before he or she was detained or committed would be prima facie evidence that the person intends to return to that place, and that the prima facie evidence of intent to return to the place may be rebutted by presenting information that indicates that the person is not likely to return to that place if the person's detention or commitment is terminated.

Honesty Testing. Authorize DHFS to administer a lie detector test to a sex offender as part of the sex offender's programming, care or treatment. Specify that a patient's refusal to submit to a lie detector test does not constitute a general refusal to participate in treatment. Prohibit a person administering a lie detector test to ask the subject of the test any question that can reasonably be anticipated to elicit information as to whether the subject committed an offense for which the subject has not been convicted, found not guilty by reason of mental disease or defect, or adjudicated delinquent. Provide that the results of a lie detector test may only be used only in the care, treatment or assessment of the subject or in programming for the subject. Specify that the results of a test may be disclosed only to the committing court, the patient's attorney, the attorney representing the state in an SVP proceeding, or to persons employed at the facility at which the subject is placed who need to know the results for purposes related to care, treatment, or assessment of the patient.

Delete references to rules DHFS is required to promulgate establishing a lie detector test program for sex offenders who are in community placements as it relates to the DHFS staff

authority to conduct lie detector tests, and disclose the results of the test, without the prior written and informed consent of the subject.

Activities off Grounds. Authorize the superintendent of a facility at which an SVP is placed to allow the SVP to leave the grounds of the facility under escort. Require DHFS to promulgate rules for the administration of activities off grounds. Specify that a person remains placed in institutional care, as it relates to escapes, while on a leave granted under these provisions.

Placement of Female SVPs. Authorize DHFS to place female patients at the Mendota Mental Health Institute, the Winnebago Mental Health Institute or a privately operated residential facility under contract with DHFS.

Penalty for Battery by a Patient and Intentional Escapes. Provide that any person committed to the custody of DHFS because they were found guilty by reason of mental disease or defect or because they were committed as an SVP who intentionally causes bodily harm to an officer, employee, visitor, or another patient of the mental health institute or facility, without his or her consent, is guilty of a Class D felony. Provide that a person who is detained or committed as an SVP and placed in institutional care and who intentionally escapes from custody is guilty of a Class D felony. These provisions would first apply to offenses committed on the bill's general effective date.

Conference Committee/Legislature: Adopt the Assembly provisions with the following two modifications: (a) require that if a officer or staff member of the facility opens non-privileged mail (mail from persons other than legal counsel, a court, a government official or a private physician or licensed psychologist), it must be opened in the presence of the patient; and (b) delete the provisions that would make battery by a patient or escape by a patient a Class D felony.

Veto by Governor [C-24 and C-25]: Modify the provisions as follows.

Limitations on Sending and Receiving Mail. Delete the distinction between mail an SVP receives from legal counsel, a court, a governmental official or a private physician or licensed psychologist and mail an SVP receives from other persons so that the new provisions would apply to both types of mail. Delete the requirement that the mail be opened in the presence of a patient. Consequently, all mail received by SVPs would be subject to inspections and would not need to be opened in the presence of the patient.

Honesty Testing. Delete the provision that would prohibit a person that administers a lie detector test from asking any question that can reasonably be anticipated to elicit information as to whether the subject committed an offense for which the subject has not been convicted, found not guilty by reason of mental disease or defect, or adjudicated delinquent.

[Act 16 Sections: 29n, 382u, 382wd, 382we, 382wf, 1967n, 1967p, 1993j thru 1993n, 1993r, 1993t, 1993u, 3938sm, 3938sg, 3938t, 4034yd and 4034ye]

[Act 16 Vetoed Sections: 1967p and 1993n]

Children and Families

1. FOSTER CARE AND ADOPTION ASSISTANCE REESTIMATE [LFB Paper 505]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$8,029,500	- $72,900	$7,956,600
FED	9,743,300	420,900	10,164,200
Total	$17,772,800	$348,000	$18,120,800

Governor: Provide $5,846,500 ($2,449,400 GPR and $3,397,100 FED) in 2001-02 and $11,926,300 ($5,580,100 GPR and $6,346,200 FED) in 2002-03 to reflect reestimates of the amount of funding required to support foster care and adoption assistance payments for special needs children under guardianship of the state. The state serves as guardian for children with special needs following termination of parental rights. The state pays the costs of out-of-home placements for these children while they await adoption and makes adoption assistance payments to families who adopt special needs children.

Joint Finance/Legislature: Increase funding by $104,500 GPR and $359,900 FED in 2001-02 and decrease funding by $177,400 GPR and increase funding by $61,000 FED in 2002-03 to reflect reestimates of state costs for foster care and adoption assistance payments in the 2001-03 biennium. Act 16 provides a total of $50,121,400 ($25,249,000 GPR and $24,872,400 FED) in 2001-02 and $55,620,400 ($28,097,800 GPR and $27,522,600 FED) in 2002-03 to support these payments.

2. MILWAUKEE CHILD WELFARE AIDS [LFB Paper 506]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $6,927,900	- $17,167,400	- $24,095,300
FED	- 3,886,300	0	- 3,886,300
PR	0	16,803,000	16,803,000
Total	- $10,814,200	- $364,400	- $11,178,600

Governor: Delete $5,407,100 ($3,481,300 GPR and $1,925,800 FED) in 2001-02 and $5,407,100 ($3,446,600 GPR and $1,960,500 FED) in 2002-03 to fund projected costs of aids expenses related to the administration of the child protective services program in Milwaukee County. This item includes: (a) projected increases in placement costs ($2,284,800 GPR and -$90,900 FED in 2001-02 and $2,315,300 GPR and -$121,400 FED in 2002-03); (b) projected decreases in service costs (-$6,245,600 GPR and -$335,800 FED in 2001-02 and -$6,241,400 GPR and -$340,000 FED); and (c) decreased funding for contracts ($479,500 GPR and -$1,499,100 FED

annually). These changes are primarily due to caseload reestimates and a projected reduction in the federal financial participation rate.

The bill includes $206,600 GPR annually to continue the DHFS contract for the Milwaukee County family intervention and support services (FISS) program, created in calendar year 2000, which provides intake and assessment services of certain *pro se* cases.

Milwaukee child welfare aids fund: (a) direct payments for children in out-of-home care; (b) case management of out-of-home care cases; and (c) services for families where abuse or neglect have been substantiated or is likely to occur, but where the children remain at home as long as appropriate services are provided (safety services). DHFS contracts with private, nonprofit agencies for the administration of all Milwaukee child welfare aid activities.

Joint Finance: Reduce funding by $8,583,700 GPR and increase funding by $8,583,700 PR annually to transfer support for safety services and the prevention services contract from GPR to PR temporary assistance for needy families (TANF) funds transferred from the Department of Workforce Development).

Delete $182,200 PR (TANF funds transferred from the Department of Workforce Development) annually that the Governor recommended be provided to support daycare administration for children in foster care to reflect that funding for these administrative costs is provided under the child care subsidy program.

Require DHFS to first use PR funds budgeted for Milwaukee child welfare aids to support benefits provided through the Bureau of Milwaukee Child Welfare before GPR funds are expended for these services.

The following table summarizes the total funding that would be provided for aids expenses relating to the administration of the child protective services program in Milwaukee County under Act 16. In 2000-01, $97,653,900 ($76,707,200 GPR and $20,946,700 FED) is budgeted for the program. These costs were partially offset by Milwaukee County's annual contribution ($58,893,500 PR).

Senate/Legislature: Adopt the Joint Finance provisions. In addition, require DHFS to transfer $58,600 FED in 2001-02 and $66,800 FED in 2002-03 from funds budgeted for the Division of Children and Family Services local assistance programs to support child welfare services in Milwaukee County. These federal funds are available under Title IV-B of the Social Security Act.

[Act 16 Sections: 1624d and 1656b]

Milwaukee Child Welfare Aids Funding Summary
Act 16

	2001-02				2002-03			
	GPR	FED*	PR	Total	GPR	FED*	PR	Total
Placement Costs								
Foster care	$15,779,100	$9,742,900	$0	$25,522,000	$16,079,000	49,713,000	0	$25,792,000
Treatment foster care	329,600	203,600	0	533,200	330,200	203,000	0	533,200
Child caring institutions	3,636,300	909,100	0	4,545,400	3,636,300	909,100	0	4,545,400
Group homes	743,800	186,000	0	929,800	743,800	186,000	0	929,800
Shelter care	3,055,900	0	0	3,055,900	3,055,900	0	0	3,055,900
Subtotal	$23,544,700	$11,041,600	$0	$34,586,300	$23,845,200	$11,011,100	$0	$34,856,300
Service Costs								
Safety services	$0	$0	$7,094,100	$7,094,100	$0	$0	$7,094,100	$7,094,100
Ongoing services	13,885,300	483,500	0	14,368,800	13,615,300	483,500	0	14,098,800
Wraparound services	8,806,300	1,375,900	0	10,182,200	8,810,500	1,371,600	0	10,182,100
Foster care day care	259,700	0	0	259,700	259,700	0	0	259,700
Safety evaluations	273,100	0	0	273,100	273,100	0	0	273,100
Subtotal	$23,224,400	$1,859,400	$7,094,100	$32,177,900	$22,958,600	$1,855,100	$7,094,100	$31,907,800
Vendor Costs								
Case management services contract	$10,826,600	$3,075,000	$0	$13,901,600	$10,826,600	$3,075,000	$0	$13,901,600
Out-of-home placement unit	4,070,100	1,156,000	0	5,226,100	4,070,100	1,156,000	0	5,226,100
Adoption unit	1,718,500	1,406,000	0	3,124,500	1,718,500	1,406,000	0	3,124,500
FISS unit	206,600	0	0	206,600	206,600	0	0	206,600
Independent investigations	248,400	0	0	248,400	248,400	0	0	248,400
Prevention services contract	0	0	1,489,600	1,489,600	0	0	1,489,600	1,489,600
Other	808,100	298,300	0	1,106,400	808,100	298,300	0	1,106,400
Subtotal	$17,878,300	$5,935,300	$1,489,600	$25,303,200	$17,878,300	$5,935,300	$1,489,600	$25,303,200
Grand Total	$64,647,400	$18,836,300	$8,583,700	$92,067,400	$64,682,100	$18,801,500	$8,583,700	$92,067,300

*Does not include federal Title IV-B funds because these funds are not budgeted to support specific services.

3. MILWAUKEE CHILD WELFARE OPERATIONS [LFB Paper 507]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$4,438,800	3.92	$0	0.00	- $693,300	0.00	$3,745,500	3.92
FED	2,560,400	- 13.04	- 448,400	0.00	- 972,800	0.00	1,139,200	- 13.04
PR	9,868,500	0.19	0	0.00	0	0.00	9,868,500	0.19
Total	$16,867,700	- 8.93	- $448,400	0.00	- $1,666,100	0.00	$14,753,200	- 8.93

Governor: Provide $8,167,500 ($2,056,700 GPR, $1,170,100 FED and $4,940,700 PR) in 2001-02 and $8,700,200 ($2,382,100 GPR, $1,390,300 FED and $4,927,800 PR) in 2002-03 and delete 8.93 positions (3.92 GPR positions, -13.04 FED positions and 0.19 PR position), beginning in 2001-02, to support the Department's administration of the child protective services program

in Milwaukee County. The funding increase is intended to enable DHFS to maintain its current level of operations, since DHFS used one-time savings to establish spending levels that exceeded costs budgeted in 1999 Wisconsin Act 9.

This item includes funding to support: (a) the Wisconsin statewide child welfare information system (WISACWIS) ($351,600 GPR, $848,000 FED and $4,930,300 PR in 2001-02 and $345,100 GPR, $824,700 FED and $4,917,400 PR in 2002-03); (b) general supplies and services, including contracted services ($1,470,700 GPR and $986,100 FED in 2001-02 and $1,802,600 GPR and $1,229,600 FED in 2002-03); and (c) increased state costs resulting from a projected reduction in the federal financial participation rate for staff costs ($241,800 GPR and -$664,000 FED annually). In addition, this item would convert 1.0 project position that will terminate on June 30, 2001, to permanent status to manage payment for out-of-home care services.

Joint Finance: Reduce the amount of funding recommended by the Governor by $228,000 FED in 2001-02 and $220,400 FED in 2002-03 to reflect revised estimates of federal IV-E claiming rates for selected services.

Assembly: Reduce the amount of funding that would be provided by the Joint Committee on Finance by $527,400 GPR and $398,900 FED in 2001-02 and $859,300 GPR and $651,000 FED in 2002-03. Under this provision, base GPR funding for supplies and services related to the operations of the state's child welfare services in Milwaukee County would be increased by 100% in each year, rather than by 159% in 2001-02 and 196% in 2002-03, as recommended by the Governor and the Joint Committee on Finance.

Conference Committee/Legislature: Reduce the amount of funding that would be provided by the Joint Committee on Finance by $263,700 GPR and $427,400 FED in 2001-02 and $429,600 GPR and $545,400 FED in 2002-03. With this change, base GPR funding for supplies and services in Milwaukee County would be increased by 130% in 2001-02 and 148% in 2002-03.

4. MILWAUKEE CHILD WELFARE -- PROPOSED RULES

Joint Finance: Direct DHFS to promulgate rules regarding the administration of Milwaukee child welfare, including, but not limited to: (a) contracting processes; (b) grievance procedures; (c) caseload ratios; (d) standards for provision of services; and (e) citizen participation. Direct DHFS to submit proposed rules to the Legislature no later than nine months after the effective date of this bill.

Assembly: Delete provision.

Conference Committee/Legislature: Restore the Joint Finance provision.

Veto by Governor [C-36]: Delete provision.

[Act 16 Vetoed Sections: 1618r and 9123(12zk)]

5. MILWAUKEE CHILD WELFARE CONTRACTS

Governor/Legislature: Allow a county department that contracts with DHFS to provide rate-based client services to retain any surplus generated by those client services and to use that retained surplus in the same way that a nonprofit corporation is permitted to retain and use such a surplus under current law. Prohibit a county department or a nonprofit corporation that is providing client services in Milwaukee County from retaining a surplus from revenues that are used to meet the maintenance-of-effort requirement under the federal TANF program. These provisions would first apply to contracts under which a provider commences performance on the effective date of the bill and to all provider contracts on the first January 1 after publication of the bill.

Current law permits a nonprofit corporation that contracts with DHFS or with a county department of human services, social services, community programs or developmental disabilities services to provide rate-based client services to retain a certain percentage of any surplus that is generated by those client services, and to use that retained surplus to fund any deficit incurred in any preceding or future contract period or to address the programmatic needs of its clients served by those client services.

[Act 16 Sections: 1485 thru 1489, 9323(6) and 9423(2)]

6. CREATION OF MILWAUKEE COUNTY CHILD WELFARE DISTRICT

Senate: Authorize the Milwaukee County board of supervisors to create a special purpose district in Milwaukee County that is termed the "Milwaukee County child welfare district." Specify that this district would be a local unit of government, separate and distinct from, and independent of, the state and Milwaukee County, for the purpose of providing child welfare services within the district's jurisdiction, which would include Milwaukee County. Require the county board to do the following: (a) adopt an enabling resolution that establishes the Milwaukee County child welfare district and specifies the district's primary purpose, which would be to provide child welfare services under contract with DHFS; and (b) file copies of the enabling resolution with DOA, DHFS and DOR. Authorize the Milwaukee County child welfare district to provide adoption services and to be a public licensing agency with the approval of DHFS.

Board Members. Specify that the Milwaukee County child welfare district board would be the governing board of the district and require the Milwaukee County executive to appoint the child welfare district board members. Specify that the child welfare district board would consist of 15 people who are residents of the district's jurisdiction. Require board members to

reflect the ethnic and economic diversity of the child welfare district and specify that at least one-quarter of the board members would be representative of the client groups whom it is the district's primary purpose to serve or the family members, guardian, or other advocates for children and families that are served by the district. Prohibit elected or appointed officials and employees of the county that created the child welfare district from being board members and prohibit members from having a private, financial interest in or any profit directly or indirectly from any contract or other business of the district.

Specify that board members would serve five-year terms and no member could serve more than two consecutive terms. Specify that of the members first appointed, five would be appointed for three years, five would be appointed for four years and five would be appointed for five years. A member would serve until his or her successor is appointed, unless the member is removed for cause by the executive. Specify that if a vacancy occurs in the position of any appointed member of the child welfare district board, the executive would appoint a person who meets the applicable requirements to serve for the remainder of the unexpired term. As soon as possible after the appointment of the initial members of the district board, the board would organize for the transaction of business and elect a chairperson and other necessary officers. Each chairperson would be elected by the board from time to time for the term of that chairpersons' office as a member of the board or for the term of three years, whichever is shorter, and would be eligible for reelection. The presence of a majority of board members would represent a quorum and the board could act based on an affirmative vote of a majority of a quorum.

Powers. Provide the Milwaukee County child welfare district the powers necessary and convenient to carry out the operation of the child welfare district and authorize the district to: (a) adopt and alter, at its pleasure, an official seal; (b) adopt bylaws, policies and procedures for the regulation of its affairs and the conduct of business that are consistent with state laws, rules, policies and procedures governing the provision of child welfare services by a county department and with the terms of the district's contract with DHFS; (c) sue and be sued; (d) negotiate and enter into leases or contracts; (e) provide services to children and families, in addition to contracted services; (f) acquire, construct, equip, maintain, improve and manage facilities necessary to operate the child welfare district; (g) hire and pay employees, fix and regulate compensation and provide employee benefits, including an employee pension plan; (h) mortgage, pledge or otherwise encumber the district's property or funds; (i) buy, sell or lease property, including real estate, and maintain or dispose of the property; (j) invest any funds not required for immediate disbursement with a financial institution in either an interest-bearing escrow account or a time deposit of two or fewer years or invest in bonds or securities guaranteed by the federal government or by a commission, board or other agent of the federal government; (k) create a risk reserve or other special reserve as the district board desires or as DHFS requires under a contract with the district; (l) accept aid, including loans, to accomplish the district's purpose, from any local, state or federal governmental agency or accept gifts, loans, grants or bequests from individuals or entities, if the conditions under which the aid, loan, gift, grant or bequest is furnished do not conflict with the purpose of the district; and (m) make and

execute other instruments necessary or convenient to exercise the powers of the child welfare district. Prohibit the child welfare district from issuing bonds or levying a tax or assessment.

Duties. Require the Milwaukee County child welfare district to: (a) appoint a director to hold office at the pleasure of the child welfare district board; (b) develop and implement a personnel structure and other employment policies for employees of the child welfare district; (c) assure compliance with the terms of any contract with DHFS; (d) establish a fiscal operating year and annually adopt a budget for the district; (e) contract for any legal services required for the district; and (f) procure liability insurance covering its officers, employees and agents, insurance against any loss in connection with its property and other assets and other necessary insurance; establish and administer a plan of self-insurance; or participate in a governmental plan of insurance or self-insurance. In order to fulfill these duties, the Milwaukee County child welfare district would enjoy the same authority and privileges, and would be subject to the same statutes and administrative rules, as those governing county departments providing child welfare services.

Duties of Director. Require the director to: (a) manage the property, business and employees of the district, subject to the general control of the board; (b) comply with the bylaws and direct enforcement of all policies and procedures adopted by the board; and (c) perform other duties as prescribed by the board.

Employment and Employee Benefits of Certain Employees. Specify that, if the Milwaukee County child welfare district offers employment to any person who was previously employed by Milwaukee County in a capacity substantially similar to the offered employment, the district would comply with the following requirements: (a) initially provide the same compensation and benefits that the employee received as a county employee; (b) recognize all years of service with the county for any benefit provided or program operated by the district for which years of service affect the benefit; and (c) for employees who were under a collective bargaining agreement at the starting date of employment with the child welfare district, abide by the terms of that agreement until it expires or the district adopts a collective bargaining agreement with its employees, whichever occurs first.

Specify that if the county has not established its own retirement system, the district must adopt a resolution to be part of the Wisconsin Retirement System. For counties with their own retirement system, require the county board to allow district employees to be part of the county's retirement system. Specify that, subject to terms of any applicable bargaining unit, child welfare district employees are eligible to receive health care coverage under any county health insurance plan and participate in any deferred compensation or other benefit plan offered to county employees.

Treatment of the Milwaukee County Child Welfare District as a Special Purpose District. Specify that the Milwaukee County child welfare district would be subjected to many of the same requirements covering other public entities, including open records laws, open meetings laws, requirement for the publication of legal notices, auditing by the Legislative Audit Bureau and

performance reviews by the Joint Legislative Audit Committee. Require the Milwaukee County child welfare district to comply with the same collective bargaining rules that would allow employees of the child welfare district to organize and seek to establish all terms of wages, hours and conditions of employment through collective bargaining.

Specify that the Milwaukee County child welfare district would be subject to regulations affecting both private and public entities. Require the child welfare district to comply with employer regulations, such as the family and medical leave laws, hours of work and overtime and worker's compensation laws. Include the child welfare district in the definition of "employer" for purposes of coverage for group and individual health benefits and for small employer health insurance. Include the child welfare district in the definition of "governmental bodies" as it relates to the state's open meeting law. Specify that the child welfare district would be subject to laws regulating buildings and safety.

Provide the Milwaukee County child welfare district a number of advantages shared by governmental entities by: (a) exempting the child welfare district from local property taxation and the state corporate income and franchise taxes; (b) authorizing the child welfare district to participate in the Wisconsin Retirement System, including disability coverage, local group health insurance, state deferred compensation program, state income continuation program and be included as a coverage group under Social Security; (c) authorizing the child welfare district to contract with other local units of government and with federally recognized American Indian tribes and bands in Wisconsin for the receipt or furnishing of services or the joint exercise of required or authorized powers or duties; and (d) permitting the child welfare district to copy vital records for internal use as long as the copies were marked "for administrative use."

Specify that the obligations and debts of the Milwaukee County child welfare district are not obligations or debts of Milwaukee County. Authorize Milwaukee County to appropriate monies to the district as a gift or loan. Authorize the Milwaukee County child welfare district to participate in the local government pooled investment fund.

Specify that the Milwaukee County child welfare district could be dissolved by joint action of the district board and the County board, subject to the performance of contract obligations and DHFS approval. Provide that if the Milwaukee county child welfare district were dissolved, the property of the child welfare district would be transferred to Milwaukee County. Require that the disposition of any risk reserve be made under the terms of the child welfare district's contract with DHFS.

Modify the definition of an agency in the provision of child welfare services to include the Milwaukee County child welfare district and make the corresponding changes and cross references.

Conference Committee/Legislature: Delete provision.

7. **WISACWIS** [LFB Paper 508]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR-Lapse	$0	0.00	$5,671,600	0.00	$665,200	0.00	$6,336,800	0.00
GPR	$1,783,800	1.83	$0	0.00	$0	0.00	$1,783,800	1.83
FED	1,434,100	- 1.83	1,330,400	0.00	- 665,200	0.00	2,099,300	- 1.83
PR	4,355,900	0.00	- 667,700	0.00	1,339,800	0.00	5,028,000	0.00
Total	$7,573,800	0.00	$662,700	0.00	$674,600	0.00	$8,911,100	0.00

Governor: Provide $3,696,400 ($947,300 GPR, $772,400 FED and $1,976,700 PR) in 2001-02 and $3,877,400 ($836,500 GPR, $661,700 FED and $2,379,200 PR) in 2002-03 and convert 1.83 FED positions to 1.83 GPR positions in 2001-02 to continue implementation of the Wisconsin statewide child welfare information system (WISACWIS). The funding in the bill is intended to enable eight counties to implement WISACWIS in 2001-02 and an additional 20 counties to implement WISACWIS in 2002-03. Counties are expected to fund one-third of the projected one-time and ongoing costs ($651,700 PR in 2001-02 and $1,192,200 PR in 2002-03). The remaining PR funding reflects increases in funding transferred between DHFS divisions.

Specify that counties may use up to 100% of the funds they receive under the income augmentation project (excess Title IV-E funds) to reimburse DHFS for the implementation costs of WISACWIS for the calendar year in which a county implements WISACWIS and in the two calendar years following implementation, notwithstanding current restrictions on the use of these funds. Create a continuing PR appropriation in DHFS to receive the county's share of WISACWIS implementation funds.

Under current law, DHFS may distribute excess Title IV-E funds to non-Milwaukee counties that are making a good faith effort, as determined by DHFS, to implement WISACWIS by July 1, 2005. Counties must use at least 50% of their income augmentation funds to support services for children who are at risk of abuse or neglect to prevent the need for child abuse and neglect intervention services. If a county does not fully implement WISACWIS in the county by July 1, 2005, DHFS may recover any income augmentation funds distributed to the county after June 30, 2001, by billing the county or deducting from the county's basic county allocation in community aids.

Joint Finance: Modify the Governor's recommendation by: (a) lapsing $2,692,500 in 2001-02 and $2,979,100 in 2002-03 from targeted case management revenue from MA claims for non-IV-E eligible children in counties other than Milwaukee County to the general fund; (b) increasing funding by $631,600 FED in 2001-02 and $698,800 FED in 2002-03 to support the county share of WISACWIS implementation costs; (c) decreasing funding by $155,400 PR in 2001-02 and $512,300 PR in 2002-03; and (d) requiring DHFS to use the remaining available revenue from targeted case management to fund the county share of WISACWIS implementation costs. In 2001-02, $496,300 PR and $679,900 PR in 2002-03 would be provided to support the county share of ongoing costs of WISACWIS. These PR funds would be received

by DHFS from counties. In addition, delete the Governor's provision that would have allowed counties to use 100% of their income augmentation funds to support implementation costs.

Senate: Modify provisions in the substitute amendment relating to the implementation of WISACWIS as follows: (a) reduce the amount of targeted case management revenue from MA claims for non-IV-E eligible children in counties other than Milwaukee County that would lapse to the general fund by $1,070,400 in 2001-02 and $1,140,100 in 2002-03; (b) increase funding by $990,500 FED in 2001-02 and $1,140,100 FED in 2002-03 to support the county share of implementation costs; and (c) delete $496,300 PR in 2001-02 and $679,900 PR in 2002-03 and the continuing PR appropriation to reflect that counties would not be responsible for supporting one-third of the ongoing costs of the WISACWIS system.

These changes would lapse a total of $1,622,100 in 2001-02 and $1,839,000 in 2002-03 to the general fund and provide $1,622,100 FED in 2001-02 and $1,838,900 FED in 2002-03 to support the county share of WISACWIS implementation costs. Since no additional funding would be provided under this provision to replace the loss of the county contribution (PR funding), DHFS would be required to absorb the ongoing costs of WISACWIS in its base funding.

Assembly: Modify provisions in the substitute amendment relating to the implementation of WISACWIS as follows: (a) reduce funding to support the counties' share of implementation costs (-$631,600 FED in 2001-02 and -$698,800 FED in 2002-03) and instead, lapse these amounts of MA targeted case management funds to the general fund; (b) increase funding by $155,400 PR in 2001-02 and $512,300 PR in 2002-03 to reflect anticipated county payments to support WISACWIS implementation costs; and (c) delete the provision that would require DHFS to use available targeted case management revenue to support county implementation costs and instead require DHFS to lapse all targeted case management revenue to the general fund. In addition, restore the Governor's provision that would allow counties to use 100% of their income augmentation funds to support implementation costs.

Under these provisions, a total of $7,002,000 in targeted case management funds would lapse to the general fund and counties would be required to support one-third of the implementation and ongoing costs of WISACWIS.

Conference Committee/Legislature: Modify provisions in the substitute amendment relating to the implementation of WISACWIS as follows: (a) reduce funding to support the counties' share of implementation costs (-$315,800 FED in 2001-02 and -$349,400 FED in 2002-03) and instead, lapse these amounts of MA targeted case management funds to the general fund; and (b) increase funding by $426,300 PR in 2001-02 and $913,500 PR in 2002-03 to reflect anticipated county payments to support WISACWIS implementation costs. In addition, restore the Governor's provision that would allow counties to use 100% of their income augmentation funds to support implementation costs.

Under these provisions: (a) $3,008,300 in 2001-02 and $3,328,500 in 2002-03 in targeted case management funds would lapse to the general fund; (b) $315,800 FED in 2001-02 and

$349,400 FED in 2002-03 would be provided to support the county share of WISACWIS implementation costs; and (c) $922,600 PR in 2001-02 and $1,593,400 PR in 2002-03 would be provided to support the county share of the implementation and ongoing costs of WISACWIS. Counties would still be required to support one-third of the implementation and ongoing costs of WISACWIS.

Veto by Governor [C-39]: Delete reference to targeted case management funds in related statutory language regarding the lapse requirements. This allows DHFS to lapse any funding credited to the DHFS income augmentation revenue appropriation to meet the lapse requirements.

[Act 16 Sections: 702f, 732q, 732r, 1557b, 1557jg, 9123(8z), 9223(4z)&(5zk) and 9423(16g)]

[Act 16 Vetoed Section: 9223(5zk)]

8. SPECIAL NEEDS ADOPTION PARTNERSHIP

	Funding	Positions
GPR	$1,272,700	2.20
FED	1,686,100	1.80
Total	$ 2,958,800	4.00

Governor/Legislature: Provide $1,362,300 ($504,100 GPR and $858,200 FED) in 2001-02 and $1,596,500 ($768,600 GPR and $827,900 FED) in 2002-03 and 4.0 positions (2.2 GPR positions and 1.8 FED positions), beginning in 2001-02, to maintain and expand the capacity of contracted providers to provide services relating to the special needs adoption program and to support the Department's contract monitoring and case consultation activities with the contracted agencies. The 4.0 project positions would be extended from June 30, 2001, through September 30, 2003, to support quality assurance activities. DHFS provides adoptive placement and case management services for special needs children through a combination of state staff and contracts with private agencies. DHFS also provides technical assistance to counties on concurrent planning and quality assurance and provides oversight of vendors.

9. FOOD PANTRY ASSISTANCE

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$1,500,000	- $750,000	$750,000

Senate: Provide $1,500,000 annually for DHFS to administer as grants to food pantries that apply and qualify for grants. Create an annual GPR appropriation in DHFS to fund grants and program administration. Prohibit DHFS from expending more than 5% of the total amount appropriated for this program for administration of the grant program.

Specify that the amount of each grant awarded to a food pantry would be in proportion to the number of persons served by the food pantry, with no annual grant award exceeding

$15,000. Require DHFS to allocate 25% of the available funding for grants to eligible rural food pantries and to allocate the remainder of the grant funding to all eligible food pantries. If, after awarding grants to rural food pantries, additional funds are left of the earmarked funds for rural food pantries, authorize DHFS to distribute these funds to all eligible food pantries.

Specify that the grants could be used for: (a) the purchase, storage, transportation, coordination or distribution of food to needy households; (b) the administration of emergency food distribution; (c) the purchase of capital equipment; (d) programs designed to increase food availability to needy households or enhance food security; (e) nutrition education and outreach; and (f) technical assistance related to food pantry management.

Specify that, to be eligible for a grant award, a food panty must: (a) apply for the grant using the application developed by DHFS, which could not exceed one page; (b) be a nonprofit organization or affiliated with a nonprofit organization; (c) directly distribute food packages, without charge, to needy households; (d) be open to the general public in its service area; (e) not base food distribution on any criteria other than the need of the recipient, except to the extent necessary for the orderly and fair distribution of food; (f) have a permanent address, regular hours of operation and be open at least one day per month; and (g) adhere to the U.S. Department of Agriculture's food safety and storage standards.

Require grant recipients to submit a report, no longer than three pages, to DHFS not later than 60 days after the end of the grant period, describing how the food pantry used the grant money. Require DHFS to compile and submit the reports to the Legislature.

Require DHFS to promulgate rules necessary to implement this grant program not later than the first day of the sixth month beginning after the effective date of the bill. Before promulgating rules, require DHFS to convene a committee that would advise DHFS regarding the Department's proposed rules. The committee would be composed of one representative of each of the following: (a) an emergency food provider; (b) a food bank; (c) a community action agency; (d) a faith-based social services organization; and (e) the University of Wisconsin-Extension who has experience in hunger prevention policies. In addition, the committee would include two persons, other than those specified in (a) through (e) above, with experience in hunger prevention and emergency food distribution.

Conference Committee/Legislature: Adopt the Senate provisions with the following modifications: (a) provide $750,000, rather than $1,500,000 annually for grants and administration; (b) delete the provision that would prohibit grant recipients from using grant funds to foster or advance religious or political views; (c) delete the requirement that DHFS promulgate rules and that an advising committee be formed; and (d) require DHFS to submit to the Joint Committee on Finance, under a 14-day passive review process, a plan for distributing the grants to food pantries. Require DHFS to submit the report within 90 days of the general effective date of the bill.

Veto by Governor [C-41]: Delete all funding provided for the program in 2002-03 ($750,000). In addition, delete all statutory provisions relating to this item except the sections that specify the purposes for which grants may be used.

[Act 16 Sections: 701h, 1568b and 9123(4h)]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.435(3)(fp)), 701h, 1568b and 9123(4h)]

10. KINSHIP CARE -- FUNDING [LFB Paper 1050]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- $2,840,800	$193,400	- $2,647,400

Governor: Delete $1,420,400 annually to reflect a reestimate of the amount of funding that will be required to fully fund kinship care payments in the 2001-03 biennium. The program is supported with federal TANF block grant funds transferred from the Department of Workforce Development to DHFS. The bill would provide a total of $23,101,300 PR for kinship care benefits in each year of the 2001-03 biennium.

Counties, and in Milwaukee County, DHFS, pay a benefit of $215 per month to kinship care relatives if: (a) there is a need for the child to be placed with the relative and placement with the relative is in the best interests of the child; (b) the child meets the criteria, or would be at risk of meeting the criteria, for a child in need of protection or services or a juvenile in need of protection or services, if the child were to remain at home; and (c) the relative meets other non-financial requirements.

Joint Finance/Legislature: Increase funding for kinship care benefits by $96,700 annually to reflect current estimates of kinship care payments made by DHFS and the counties so that $23,198,000 annually would be budgeted for kinship care benefits. Authorize the Joint Committee on Finance to supplement the kinship care appropriation under s. 16.515 of the statutes if the amounts budgeted for the program are insufficient to fund benefits payments to eligible families.

Veto by Governor [C-37]: Delete the provision that would have authorized the Joint Committee on Finance to supplement the kinship care appropriation under s. 16.515 of the statutes if the amounts budgeted for the program are insufficient to fund benefits payments to eligible families.

[Act 16 Vetoed Section: 1629x]

11. KINSHIP CARE -- REVIEW OF DENIAL OF BENEFITS

Governor/Legislature: Repeal a provision that will terminate the current procedure relating to the review of certain kinship care benefit denials on the effective date of the 2001-03 biennial budget so that the current procedure will continue to be used following the enactment of the bill.

Under current law, until passage of the 2001-03 biennial budget bill, a kinship care relative who is denied kinship care payments or who is prohibited from employing a person or permitting a person to reside in the kinship care relative's home based on an arrest or conviction record may request the director of the county department or, in Milwaukee County, a person designated by DHFS to review that denial.

This provision would maintain the individual's right to request a review of the denial.

[Act 16 Sections: 1629, 4036 thru 4038, 4040, 4042 thru 4044 and 9123(5)]

12. TRANSFER YOUTH PROGRAMS TO DWD [LFB Paper 1025]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $97,000	- 0.50	$97,000	0.50	$0	0.00
PR	- 692,300	- 2.50	532,700	1.50	- 159,600	- 1.00
Total	$789,300	- 3.00	$629,700	2.00	- $159,600	- 1.00

Governor: Transfer $394,600 ($48,500 GPR and $346,100 PR) in 2001-02 and $394,700 ($48,500 GPR and $346,200 PR) and 3.0 positions (0.5 GPR position and 2.5 PR positions), beginning in 2001-02, from DHFS to the Department of Workforce Development (DWD). The bill would transfer the Alliance for Wisconsin Youth program and 1.0 PR position that currently provides support for the National and Community Service Board to DWD to consolidate the state's youth and youth volunteer programs in one agency.

Alliance for Wisconsin Youth. Transfer $314,800 ($48,500 GPR and $266,300 PR) in 2001-02, $314,900 ($48,500 GPR and $266,400 PR) in 2002-03 and 2.00 positions (1.5 PR positions and 0.5 GPR position), beginning in 2001-02. The PR funding is derived from revenues collected from the drug abuse program improvement surcharge (DAPIS). The Alliance: (a) develops local organizations that coordinate substance abuse program resources; (b) promotes collaboration of state agencies and programs to assist local prevention efforts; and (c) provides public education on substance abuse issues.

National and Community Service Board. Transfer $79,800 PR and 1.0 PR position, beginning in 2001-02. PR funding that supports this position is available from funds DOA receives from the federal Corporation for National Service under the National Community Service Act of 1990 and transfers to DHFS, and drug abuse program improvement surcharge (DAPIS). The

National and Community Service Board awards grants to organizations that provide individuals, 16 to 26 years old, with crew-based, highly structured and adult-supervised work experience, life skills training, education, career guidance and counseling, employment training and support services. The Board is attached to DOA, but 1.0 PR position is currently budgeted in DHFS to support the program.

Joint Finance/Legislature: Delete provision. Instead, transfer 1.0 PR position and $79,800 PR annually that currently supports the National and Community Service Board from DHFS to DOA.

13. SPECIAL NEEDS ADOPTION NETWORK [LFB Paper 509]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$30,000	$55,000	$85,000
FED	24,600	45,000	69,600
Total	$54,600	$100,000	$154,600

Governor: Provide $18,200 ($10,000 GPR and $8,200 FED) in 2001-02 and $36,400 ($20,000 GPR and $16,400 FED) in 2002-03 for the special needs adoption network, which assists in finding adoptive homes for children with special needs who do not have permanent homes. In 2000-01, $233,500 ($125,000 GPR and $108,500 FED) was provided for this program. The federal funds are Title IV-E funds authorized under the federal Social Security Act.

Joint Finance/Legislature: Provide an additional $52,200 ($28,700 GPR and $23,500 FED) in 2001-02 and $47,800 ($26,300 GPR and $21,500 FED) in 2002-03 to increase support for the special needs adoption network. In addition, authorize DHFS to provide up to $163,800 GPR in 2001-02 and $171,300 GPR in 2002-03 and each fiscal year thereafter as grants to individuals and private agencies to provide adoption information exchange services and to operate the state adoption center.

[Act 16 Section: 1619r]

14. CHILD CARE LICENSING FUNDING [LFB Paper 1048]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$751,700	0.00	$0	- 4.00	$751,700	- 4.00

Governor: Provide $369,100 in 2001-02 and $382,600 in 2002-03 to reflect the net effect of: (a) transferring support for 4.6 FTE current child care licensing positions from licensing fee revenue to monies from the federal child care and development fund (CCDF) transferred from

DWD; and (b) providing additional CCDF funds to support increases in the cost of travel, personnel, accounting and indirect services for current child care licensing staff. The bill would increase expenditures supported by CCDF by $660,000 in 2001-02 and $673,900 in 2002-03 and reduce expenditures supported by licensing fees by $290,900 in 2001-02 and $291,300 in 2002-03.

Joint Finance/Legislature: Delete 4.0 positions funded from CCDF in the Bureau of Regulation and Licensing in DHFS, beginning in 2001-02.

15. DAY CARE PROVIDER TRAINING -- SIDS PREVENTION

Assembly/Legislature: Require DHFS, in establishing the minimum requirements for the issuance of licenses to day care centers that provide care and supervision for children under one year of age, to require all licensed individuals and all employees and volunteers of a licensee who provide care and supervision for children, to receive training in the most current medically accepted methods of preventing sudden infant death syndrome (SIDS). Specify that this training must occur before the date on which the license is issued or the employment or volunteer work commences, whichever is applicable.

Require DWD, in establishing the requirements for certification of a child care provider who provides care and supervision for children under one year of age, to include a requirement that all providers, and all employees and volunteers of a provider who provide care and supervision for children, receive training in the most current medically accepted methods of preventing SIDS. Specify that this training must occur before the date on which the provider is certified or the employment or volunteer work commences, whichever is applicable. In addition, clarify that DWD may not include any other training requirements, besides training in the prevention of SIDS, for providers.

[Act 16 Sections: 1636d, 1660y, 9123(14b) and 9158(11c)]

16. CHILD WELFARE QUALITY ASSURANCE [LFB Paper 510]

	Funding	Positions
FED	$73,400	1.00

Governor/Legislature: Provide $21,600 in 2001-02 and $51,800 in 2002-03 to extend 1.0 project position that is scheduled to terminate on January 31, 2002, to January 31, 2004, to continue the child welfare quality assurance program in the 2001-03 biennium. The position would be supported with federal indirect funds ($13,400 in 2001-02 and $32,100 in 2002-03) and Title IV-E funds ($8,200 in 2001-02 and $19,700 in 2002-03). In July, 2000, DOA approved one-time funding of $184,600 from DHFS federal indirect revenues to support the program through June 30, 2001 and the position through January 31, 2002. The child welfare quality assurance program identifies areas where counties are at risk of being found in nonconformity with federal child welfare benchmarks and provides training and technical assistance to bring them into compliance.

17. NEIGHBORHOOD ORGANIZATION INCUBATOR GRANT PROGRAM

Assembly: Provide $100,000 annually for DHFS to award grants to private nonprofit or public community-based organizations as part of a neighborhood organization incubator grant program. Require all grant recipients to: (a) provide information to neighborhood organizations about sources of public and private funding; (b) assist neighborhood organizations in obtaining funding and other assistance from public and private agencies; (c) act as a liaison between neighborhood organizations and public and private entities; (d) provide appropriate training and professional development services to members of neighborhood organizations; (e) engage in outreach efforts to inform neighborhood organizations of the services available from the organization; and (f) undertake other activities that will increase the effectiveness and facilitate the development of neighborhood organizations.

Under this provision, define a "neighborhood organization" as a private, nonprofit, community-based organization that provides any of the following services or programs, primarily to residents of the area in which the organization is located: (a) crime prevention programs; (b) after-school and domestic abuse prevention services; (c) child abuse and domestic abuse prevention services; (d) substance abuse counseling and prevention services; (e) programs for diversion of youth from gang activities; and (f) inmate and ex-offender rehabilitation or aftercare services.

Require grant applicants to submit a plan detailing the proposed use of the grant, and require agencies that receive a grant to submit to DHFS, within 90 days after spending the full amount of the grant, a report detailing the use of the grant funds.

This program would sunset on July 1, 2005.

Conference Committee/Legislature: Delete provision.

18. DOMESTIC ABUSE GRANTS

Assembly: Provide $125,000 GPR annually to increase funding for domestic abuse programs. Require DHFS to increase the overall amount provided in grants for all of the following: (a) basic services; (b) children's programming; (c) expansion and satellite programs; (d) tribal programs; (e) under-represented populations; and (f) training and technical assistance. Require DHFS to increase the amount provided for each of these purposes by the same percentage.

Conference Committee/Legislature: Delete provision.

19. RAINBOW PROJECT -- DOMESTIC ABUSE SERVICES

Senate: Provide $50,000 GPR annually for DHFS to provide to the Rainbow Project, Inc., to support domestic abuse services. The Rainbow Project is a nonprofit agency that serves families with young children in Dane County and surrounding areas who are: (a) victims of child abuse, neglect or sexual abuse; (b) witnesses to domestic violence; (c) exhibiting problems in social and emotional development and behavior; (d) identified as "at risk" for abuse, neglect or domestic violence; or (e) exhibit serious problems in the relationship between parents and child.

Conference Committee/Legislature: Delete provision.

20. BRIGHTER FUTURES AND TRIBAL ADOLESCENT FUNDING

Governor/Legislature: Reduce funding for the Brighter Futures initiative in non-Milwaukee Counties by $30,000 PR annually and increase funding for adolescent choices project grants to federally-recognized American Indian tribes or bands by a corresponding amount. Modify statutory funding allocations to reflect this transfer. These programs are supported by TANF funds transferred to DHFS from DWD.

The Brighter Futures initiative is intended to prevent and reduce the incidence of youth alcohol and other drug use and abuse. The initiative focuses foremost, but not exclusively, on children in out-of-home care, children who have been abused or neglected and children who are aging out of the foster care system and require support towards becoming self-sufficient, responsible, healthy adults.

[Act 16 Sections: 1575 thru 1577]

21. HEALTH SERVICES FOR YOUTH LEAVING OUT-OF-HOME CARE

Governor: Require county departments of community programs to give first priority for mental health services to independent foster care adolescents, as defined in federal law, if state, federal and county funding for mental health services these departments provide is insufficient to meet the needs of all individuals.

In addition, require county departments of community programs to give second priority for alcohol and other drug abuse services to independent foster care adolescents, as defined in federal law, if state, federal and county funding for alcohol and other drug abuse treatment services is insufficient to meet the needs of all eligible individuals. As under current law, pregnant women who suffer from alcoholism or alcohol abuse or who are drug dependent would receive first priority for these services.

Under federal law, an independent foster care adolescent is an individual who is at least 18 years of age but less than 21 years of age and who was in foster care on his or her 18th birthday.

Senate: Provide $54,900 GPR and $77,500 FED in 2002-03 to extend MA coverage to any individual who is at least 18 years of age but under 20 years of age and who, on his or her 18th birthday, was in foster care, or treatment foster care, as determined by DHFS. Specify that this provision would take effect January 1, 2003, and specify that this would first apply to individuals leaving out-of-home care on January 1, 2003. Specify that individuals would be eligible for MA under this provision until they become 20 years of age, after which they would no longer be eligible.

Modify the provision to require county departments of community programs to give first priority for mental health services and second priority for alcohol and other drug abuse services to individuals who were eligible for MA under the MA expansion described here, if state, federal and county funding for these services these departments provide is insufficient to meet the needs of all individuals, effective January 1, 2003. These individuals would only be eligible for service priority while they are 20 years of age.

Conference Committee/Legislature: Adopt the Senate provision with the following modifications: (a) extend MA coverage to any individual who is at least 19, rather than 18 years of age, but under 20 years of age and who, on his or her 18th birthday, was in foster care or treatment foster care, as determined by DHFS; and (b) delete funding to reflect the change in eligibility.

Veto by Governor [C-38]: Delete provision.

[Act 16 Vetoed Sections: 1799f, 1968d, 1968dh, 9323(16f) and 9423(17g)]

22. FOSTER PARENT INSURANCE DEDUCTIBLE

Governor/Legislature: Reduce from $200 to $100 the amount DHFS deducts from a claim submitted from a foster home, treatment foster home or family-operated group home for bodily injury or property damage sustained by a foster parent or member of the household resulting from an act of the child in such a home. As under current law, the foster parent and his or her family would be subject to only one deductible for all claims filed in a fiscal year. This change would first apply to acts or omissions that occur on the act's general effective date.

[Act 16 Sections: 1635 and 9323(5)]

23. REPORTING SUSPECTED OR THREATENED SEXUAL ABUSE OF A CHILD

Joint Finance/Legislature: Specify that: (a) a county department, DHFS or a licensed agency shall within 12 hours, exclusive of Saturdays, Sundays, or legal holidays, refer to the sheriff or police department all cases of suspected or threatened sexual abuse of a child reported to it; (b) for all such reported cases of suspected or threatened sexual abuse of a child, the sheriff or police department and the county department, DHFS or a licensed agency shall coordinate the planning and execution of the investigation of the report; (c) each sheriff and police department shall adopt a written policy specifying the kinds of reports of suspected or threatened sexual abuse of a child that the sheriff or police department will routinely refer to the district attorney for criminal prosecution; (d) law enforcement agencies be specifically added as agencies to whom DHFS, county departments and licensed agencies provide continuing education and training programs designed to encourage reporting of child abuse and neglect and of unborn child abuse, encourage self-reporting and voluntary acceptance of services and improve communication, cooperation, and coordination in the identification, prevention and treatment of child abuse and neglect and of unborn child abuse; and (e) these changes first apply to reports of suspected or threatened abuse on the effective date of the bill.

Sexual abuse of a child includes: (a) sexual assault; (b) sexual assault of a child; (c) repeated sexual assault of the same child; (d) sexual exploitation of a child; (e) permitting, allowing or encouraging a child to violate laws against prostitution; (f) causing a child to view or listen to sexual activity; and (g) exposing genitals or pubic area to a child or encouraging a child to expose genitals or pubic area.

[Act 16 Sections: 1651m thru 1651v and 9323(15c)]

24. PERMANENCY PLANS FOR COURT-ORDERED PLACEMENTS WITH A RELATIVE

Governor: Require that agencies prepare permanency plans for each child that is placed in the home of a relative under a court order under the children's code (Chapter 48) or the juvenile justice code (Chapter 938). Specify that this requirement would first apply to children and juveniles who are placed in the home of a relative under a court order on the bill's general effective date.

For children and juveniles who are living in the home of a relative under a court order on the day before the bill's general effective date, require the agencies to file permanency plans with the court for at least 33% of those children or juveniles by November 1, 2001, at least 67% of those children or juveniles by January 1, 2002, and 100% of those children and juveniles by March 1, 2002, giving priority to those children or juveniles who have been living in the home of a relative for the longest period of time.

Require, rather than permit, DHFS, a county department or a licensed child welfare agency to issue a license to operate a foster home or a treatment foster home to a relative who has no duty to support the child and who requests a license to operate a foster home or

treatment foster home for a specific child who is either placed by court order or who is subject to a voluntary placement agreement. Require, rather than permit, DHFS, a county department or a licensed child welfare agency to license the guardian's home as a foster home or treatment foster home for the guardian's minor ward who is living in the home and who is placed in the home by a court order. As under current law, such relatives who are licensed to operate foster homes or treatment foster homes would be subject to DHFS licensing rules.

Joint Finance: Delete provision as non-fiscal policy.

Assembly: Restore the Governor's provision.

Conference Committee/Legislature: Delete provision.

25. COURT-ORDERED PLACEMENTS -- AGENCY RECOMMENDATIONS

Governor: Require a temporary custody, dispositional, or a change-in-placement juvenile court order that places a child outside the home in a placement recommended by an intake worker or agency that is primarily responsible for providing services to the child to include a statement that the court approves the placement recommended by the intake worker or agency. If the court places a child outside the home in a placement other than a placement recommended by the intake worker or agency, require the order to include a statement that the court has given bona fide consideration to the recommendations made by the intake worker or agency and all parties relating to the placement of the child.

This provision is intended to enable the state to comply with new federal regulations relating to eligibility for federal foster care and adoption assistance funding under Title IV-E of the Social Security Act.

Joint Finance: Delete provision as non-fiscal policy.

Assembly/Legislature: Restore the Governor's provision.

[Act 16 Sections: 1578, 1579, 1583, 1584, 3887, 3888, 3897 and 3901]

26. DEFINITION OF A RELATIVE

Assembly/Legislature: Expand the definition of a "relative," as it relates to the children's code (Chapter 48) and the juvenile justice code (Chapter 938) to include greatgrandparents. Expand the definition of "caregiver," as it relates to reporting requirements for the abuse and neglect of children, to include greatgrandparents.

Currently, Chapters 48 and 938 define a relative as a parent, grandparent, stepparent, brother, sister, first cousin, nephew, niece, uncle or aunt and the relationship must be by blood, marriage or adoption. Under current provisions relating to reporting requirements for child

abuse and neglect, the definition of a relative also includes a second cousin, stepgrandparent, stepbrother, stepsister, half brother, half sister, brother-in-law, sister-in-law, stepuncle or stepaunt.

Under the children's code and the juvenile justice code, the court may place a child or juvenile in the home of a relative or transfer legal custody of a child or juvenile to a relative, which could, under this provision, include a greatgrandparent. A report of child abuse or neglect or threatened child abuse or neglect by a caregiver would, under this provision, include abuse or neglect by a greatgrandparent. This provision would allow a greatgrandparent of the abused or neglected, or suspected abused or neglected, child or of the expectant mother of the unborn child, to make a written request to the child welfare agency for information regarding what action, if any, was taken to protect the health and welfare of the child or unborn child who is the subject of the report. This change in the definition of a relative would not expand the definition of a kinship care relative, since the definition of a relative under kinship care already includes greatgrandparents.

[Act 16 Sections: 1577g, 1651g, 1651h and 3876x]

27. DELETE MARRIAGE COUNSELOR POSITION

	Funding	Positions
PR	- $109,000	- 1.00

Conference Committee/Legislature: Delete $54,400 annually and 1.0 position that was authorized in 1999 Wisconsin Act 9 to provide marriage counseling services to reflect that no TANF funding would be budgeted to support this position.

[Act 16 Section: 9123(14q)]

28. QUALIFICATIONS FOR DCFS ADMINISTRATOR

Senate: Require that the individual who serves as the administrator of the DHFS Division of Children and Family Services (DCFS) have a masters degree in social work and be a certified social worker in the State of Wisconsin. Specify that these requirements would apply to the individual who is the DCFS administrator on the bill's general effective date. Currently, there are no statutory qualifications for any of the DHFS division administrators.

Conference Committee/Legislature: Delete provision.

29. REPEAL APPROPRIATIONS

Governor/Legislature: Repeal an appropriation that funds assessments of non-legally responsible relatives to determine if those relatives are eligible to receive foster care payments. Repeal an appropriation that enables DHFS to expend all moneys received from

nongovernmental agencies for providing health or social services under contract for the purpose of providing those services. 1999 Wisconsin Act 9 transferred funding from these appropriations to other DHFS appropriations.

[Act 16 Sections: 701 and 722]

Community Aids and Supportive Living

1. COMMUNITY AIDS [LFB Paper 515]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$4,920,700	- $348,700	$4,572,000
FED	- 2,336,000	32,946,800	30,610,800
PR	0	- 36,172,400	- 36,172,400
Total	$2,584,700	- $3,574,300	- $989,600

Governor: Provide $3,578,000 ($174,700 GPR, -$1,168,000 FED and $4,571,300 PR) in 2001-02 and delete $993,300 ($4,746,000 GPR, -$1,168,000 FED and -$4,571,300 PR) in 2002-03 to reflect: (a) a reduction in the amount of TANF funding federal law permits a state to use for the same purposes as the federal social services block grant (SSBG); (b) anticipated reductions in the amount of federal SSBG funds the state will receive that would be budgeted for community aids; (c) the cost to continue foster care rate increases approved in 1999 Wisconsin Act 9; and (d) the cost to maintain increased funding for the Alzheimer's family and caregiver support program (AFCSP) approved in Act 9.

TANF/Social Services Block Grant Conversion. The federal Transportation Equity Act for the 21st Century (TEA-21), as amended by the federal Consolidated Appropriations Act 2001, reduced the maximum percentage of a state's TANF allocation that a state can use to fund SSBG eligible activities, from 10% in federal fiscal year 2000-01 to 4.25% in federal fiscal year 2001-02. Provide $4,571,300 PR in 2001-02 to reflect that this change in federal law will occur in federal fiscal year 2001-02, rather than in 2000-01, as anticipated in 1999 Wisconsin Act 9. Provide $4,571,300 GPR and delete $4,571,300 PR (TANF transferred from DWD) in 2002-03 to reduce TANF support for community aids to reflect this new federal limit and increase GPR support for community aids to fully offset this TANF reduction.

SSBG Reduction. TEA-21 reduced SSBG funding by 4.23% in federal fiscal year 2000-01. Delete $1,189,500 FED annually to reflect that less funding is available from this source to support community aids (-$1,169,500 FED annually) and Family Care (-$20,000 FED annually).

Foster Care Rates. Provide $58,200 GPR and $21,500 FED annually to fully fund the 1% increase in foster care rates in Act 9 that took effect January 1, 2001, for which six months of funding was budgeted in Act 9. Act 9 increased foster care rates by 1% in calendar year 2000 and an additional 1% in calendar year 2001.

Basic County Allocation. Delete references to 1999-01 funding allocations, and instead, specify that funding for the basic county allocation would be $245,706,500 in both 2001-02 and in 2002-03 to reflect adjustments from the SSBG reduction, foster care rate increase and Milwaukee County's contribution for child welfare services.

Substance Abuse Prevention and Treatment (SAPT) Block Grant. Delete references to 1999-01 funding allocations, and instead, specify that not more than $9,735,700 FED in SAPT funds would be distributed by DHFS to counties in each fiscal year to reflect an adjustment from Milwaukee County's contribution for child welfare services. The SAPT block grant is a categorical allocation under community aids.

Alzheimer's Family and Caregiver Support Program. Provide $116,500 GPR annually to fully support the AFCSP funding increase approved in Act 9. Delete references to 1999-01 funding allocations, and instead, authorize DHFS to distribute not more that $2,342,800 in each fiscal year for this program. The AFCSP is a categorical allocation under community aids.

Joint Finance/Legislature: Reduce funding by $4,051,900 (-$348,700 GPR, $18,954,300 FED and -$22,657,500 PR) in 2001-02 and increase funding by $477,600 ($13,992,500 FED and -$13,514,900 PR) in 2002-03 to reflect the following changes to the Governor's recommendations: (a) reduce funding by $4,571,300 PR in 2001-02 to reflect the administration's intent regarding the amount of TANF funding that can be used for the same purposes as the SSBG under federal law; (b) increase funding by $20,900 PR in 2001-02 and reduce funding by the same amount in 2002-03 to adjust for the provision in the bill that would provide DHFS $13,514,900 in TANF funds for SSBG purposes under community aids, an amount that is $20,900 greater than the amount DWD had assumed DHFS would use for this purpose; (c) convert the current PR-S appropriation for community aids in DHFS to a FED appropriation to correctly reflect the source of TANF funds that are used for SSBG purposes in community aids; (d) increase funding by $498,500 FED annually to reflect the anticipated availability of additional SSBG funds; (e) provide $348,700 FED in TANF funds and delete $348,700 GPR for community aids in 2001-02; and (f) modify the statutory limit of the basic county allocation to $244,745,200 in 2001-02 and $244,703,400 in 2002-03. The following tables identify community aids funding, by allocation and funding source, in the 2001-03 biennium.

2001-03 Community Aids Funding
Act 16
By Allocation

Allocation	Calendar Year 2002	Calendar Year 2003	Fiscal Year 2001-02	Fiscal Year 2002-03
Basic County Allocation*	$244,543,800	$244,502,100	$244,544,600	$244,502,800
Substance Abuse Prevention & Treatment Block Grant	9,735,700	9,735,700	9,735,700	9,735,700
Community Mental Health Block Grant	2,513,400	2,513,400	2,513,400	2,513,400
Alzheimer's Family & Caregiver Support Program	2,342,800	2,342,800	2,342,800	2,342,800
Family Support Program	4,964,800	5,089,800	4,589,800	5,089,800
Tribal Child Care	412,800	412,800	412,800	412,800
Total	$264,513,300	$264,596,600	$264,139,100	$264,597,300

*After adjusting for transfers to the Family Care program.

By Funding Source

	Fiscal Year 2001-02	Fiscal Year 2002-03
GPR*	$173,475,400	$178,895,400
FED		
Social Services Block Grant*	$28,343,700	$28,343,700
Title IV-E	27,837,700	27,837,700
Substance Abuse Prevention & Treatment Block Grant	9,735,700	9,735,700
Mental Health Block Grant	2,513,400	2,513,400
Title IV-B	3,777,400	3,777,400
Temporary Assistance to Needy Families	18,455,800	13,494,000
Total FED	$90,663,700	$85,701,900
Total Funding	$264,139,100	$264,597,300

*After adjusting for transfers to the Family Care program.

[Act 16 Sections: 732d, 732m, 743dc, 1484m, 1494r, 1495g, 1553t, 1554d, 1556, 1559t, 1560d, 1568d, 1568m, 1574p, 1706b, 1971p and 1971r]

2. MILWAUKEE COUNTY'S CONTRIBUTION FOR CHILD WELFARE SERVICES

PR	- $77,584,400

Governor/Legislature: Delete $38,792,200 annually to eliminate the transfer of community aids funds that are initially allocated to Milwaukee County, to the Division of Children and Family Services (DCFS) to support child welfare services in Milwaukee County. Currently, this funding is "double-counted" in the DHFS budget, both as community aids and as PR funding transferred from the county to DCFS. The bill would reduce community aids

funding by $38,792,200 ($23,379,500 GPR and $15,412,700 FED) annually, and increase funding budgeted in DCFS for child welfare services in Milwaukee County by corresponding amounts.

Require Milwaukee County to make its $58,893,500 annual contribution to support the child welfare system in Milwaukee County as follows: (a) through a reduction of $37,209,200 from the amount DHFS distributes as the basic county allocation under community aids; (b) through a reduction of $1,583,000 from the federal substance abuse prevention and treatment (SAPT) block grant that DHFS distributes as a categorical allocation under community aids; and (c) through a deduction of $20,101,300 from shared revenue payments. The community aids contribution amounts represent the Department's estimates of the amount of community aids funding Milwaukee County was spending on child protective services at the time DHFS assumed responsibility of these services. Current law does not specify the amount of community aids or shared revenue payments that Milwaukee County must provide to meet its contribution requirement.

Reduce from $11,318,700 FED to $9,735,700 FED the amount of SAPT funds DHFS would distribute annually as a categorical allocation under community aids to reflect that $1,583,000 of these funds would be budgeted annually in DCFS. Finally, convert the DCFS appropriation for interagency and intra-agency aids that supports Milwaukee child welfare services from a continuing appropriation, which authorizes DCFS to expend all moneys received from these sources, to an annual appropriation.

This item is intended to simplify the administrative mechanism DHFS uses to support the Milwaukee child welfare system, but would not affect the total amount of funding available to provide services.

[Act 16 Sections: 704, 1554d, 1555 and 1620 thru 1624d]

3. BIRTH-TO-THREE [LFB Paper 519]

GPR	$4,000,000
FED	1,331,200
Total	$5,331,200

Joint Finance/Legislature: Increase funding for early intervention services for infants and toddlers, commonly referred to as the birth-to-three program, as follows:

Funding to Counties. Provide $1,019,700 GPR in 2001-02 and $2,039,300 GPR in 2002-03 to increase counties' birth-to-three allocations, beginning in January, 2002, such that each county would receive an amount that represents 60% of the total state, federal and county calendar year 1999 costs. Require counties to maintain their calendar year 1999 level of funding for the birth-to-three program. Authorize DHFS to exempt counties that can demonstrate extraordinary efforts in calendar year 1999 from this requirement and establish that county's maintenance of effort at an agreed upon level.

MA Enhanced Reimbursement Rate. Increase medical assistance (MA) benefits funding by $760,500 ($313,700 GPR and $446,800 FED) in 2001-02 and $1,511,700 ($627,300 GPR and

$884,400 FED) in 2002-03 to fund the cost of providing an enhancement to the maximum MA reimbursement rate available for MA services provided to children enrolled in the birth-to-three program and provided in the child's natural environment. This enhancement would first be available January 1, 2002.

[Act 16 Section: 1982r]

4. ELDER ABUSE SERVICES

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$3,000,000	- $750,000	$2,250,000

Senate/Legislature: Increase funding DHFS allocates to counties to provide direct services for elderly in need of services, as determined by a county investigation into reports of abuse, material abuse, neglect or self-neglect, by $1,500,000 GPR annually. In 2000-01, $625,000 GPR was budgeted for this purpose.

Veto by Governor [C-30]: Delete $750,000 in 2001-02. Therefore, funding for the program is increased by $750,000 in 2001-02 and by $1,500,000 GPR in 2002-03.

[Act 16 Vetoed Section: 395 (as it relates to s. 20.435(7)(dh))]

5. COMMUNITY SERVICES FOR INDIVIDUALS WITH MENTAL ILLNESS [LFB Paper 516]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	$2,016,000	$893,600	$2,909,600

Governor: Provide $1,088,000 in 2001-02 and $928,000 in 2002-03 from the federal community mental health block grant to fund: (a) one-time costs of continuing the mental health/substance abuse managed care demonstration pilots that began in the 1999-01 biennium; and (b) expanded prevention, early intervention and recovery services for persons with mental illness.

Behavioral Health Managed Care Demonstration Projects. Provide $160,000 in 2001-02 to fund one-time costs of continuing the four mental health/substance abuse demonstration pilot programs that were enacted in 1999 Wisconsin Act 9. In January, 2001, DHFS began operating four demonstration projects that provide services to persons with mental illness and/or alcohol or other drug dependency on a fee-for-service basis for an 18-month period. Beginning in July, 2002, counties, tribes or entities contracted by counties or tribes would begin providing services

to these clients on a capitated basis, using a combination of MA, local tax and community aids funds and provide a single-entry point into the system for all clients.

Systems Change Grants. Provide $928,000 annually to increase funding for systems change grants. In 2000-01, DHFS has budgeted a total of $935,200 to support both systems change grants ($245,100) and grants for recovery, early prevention and intervention services ($690,100). Modify the program as follows.

First, specify that grant recipients could include entities other than counties.

Second, permit grant recipients to use funds to support initial phasing in of recovery-oriented system changes, prevention and early intervention strategies and consumer and family involvement for individuals with mental illness. Currently, counties may use the funds to permit initial phasing in of community services for individuals with mental illness who are relocated or diverted from institutional or residential care.

Third, reduce from five years to three years the maximum period a grant recipient could receive funding.

Fourth, require grant recipients to use savings made available from incorporating recovery, prevention and early intervention strategies and consumer and family involvement in services, to continue community services once grant funding is discontinued. Currently, counties are required to continue funding for these services by using funding made available to the county from reduced institutional and residential care utilization.

Finally, delete the $350,000 annual limit on the amount of funding DHFS may distribute for these purposes.

Joint Finance: Decrease funding for system change grants by $96,100 FED in 2001-02 and $866,300 FED in 2002-03 and require DHFS to allocate no less than 10% of the total funds for system change grants for mental health services for children. Increase funding for: (a) integrated service projects for children with severe emotional disabilities ($296,000 FED in 2001-02 and $496,000 FED in 2002-03); (b) consumer and family support services ($394,000 FED annually); (c) the behavioral health managed care demonstration projects ($238,000 FED in 2001-02 and $38,000 FED in 2002-03). The additional funds reflect revised reestimates of federal funding available under the community mental health block grant.

Senate/Legislature: Modify provisions in the substitute amendment that relate to eligibility for systems change grants to specify that grant recipients could include only nonprofit, tax exempt corporations or counties.

Veto by Governor [C-32]: Delete provision that would have limited eligibility for systems change grants to include only nonprofit, tax exempt corporations or counties. Therefore,

eligible grant recipients include entities other than counties and nonprofit, tax exempt corporations.

[Act 16 Sections: 1562d and 4046j]

[Act 16 Vetoed Section: 1562]

6. FAMILY SUPPORT PROGRAM [LFB Paper 518]

GPR	$1,000,000

Joint Finance/Legislature: Increase funding for the family support program by $250,000 in 2001-02 and $750,000 in 2002-03. The family support program provides services to families with children who have severe disabilities to enable the parents to keep these children at home. Funding for the family support program is budgeted as a categorical allocation within the community aids appropriation. Under current law, DHFS may distribute up to $4,339,800 annually to counties for the family support program.

[Act 16 Section: 1555w]

7. INDEPENDENT LIVING ASSISTIVE TECHNOLOGY

	Senate/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$400,000	$0	$400,000
GPR-Lapse	$0	$380,000	$380,000

Senate: Provide $400,000 annually in one-time funds to DHFS to administer the following grant awards to: (a) eight independent living centers to support the assistance technology/adaptive equipment program ($30,000 annual grants totaling $240,000 annually); (b) the Wisconsin Coalition for Advocacy to provide statewide systematic advocacy on assistive technology issues ($60,000 annually); (c) the Office for Persons with Physical Disabilities to provide technical assistance and maintenance in the area of assistive technology and adaptive equipment ($30,000 annually); (d) the Easter Seals Society of Wisconsin to continue providing specialized assistance to persons with disabilities in the agricultural industry ($30,000 annually); and (e) the Wheelchair Recycling Program to provide recycled medical equipment directly to consumers and programs in need and to support costs of equipments parts, maintenance and distribution costs ($40,000 annually).

Conference Committee/Legislature: Modify the Senate provisions to provide $200,000 annually in one-time funds for DHFS to administer the following grant awards to: (a) eight independent living centers ($18,750 annual grants, totaling $150,000 annually); (b) the Office for Persons with Physical Disabilities ($15,000 annually); (c) the Easter Seals Society of Wisconsin ($15,000 annually); and (d) the Wheelchair Recycling Program ($20,000 annually).

Veto by Governor [C-42]: Delete all provisions and funding relating to this item, except the provision that would provide one-time funding of $20,000 GPR in 2001-02 for the Wheelchair Recycling Program. Lapse $180,000 in 2001-02 and $200,000 in 2002-03 to the general fund.

[Act 16 Sections: 721r, 721s, 725, 725b, 726p, 726q, 9123(15j) and 9423(18j)]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.435(6)(a)), 721r, 721s, 725, 726p, 726q, 9123(15j) and 9423(18j)]

8. LEGISLATIVE COUNCIL STUDY ON DEVELOPMENTAL DISABILITIES

Assembly/Legislature: Incorporate selected recommendations of the Special Legislative Council Study Committee on Developmental Disabilities, as follows.

Council on Developmental Disabilities. Require that the Council on Developmental Disabilities include four legislative members, one from each caucus, designated by the speaker of the Assembly, the Senate majority leader and the minority leaders in both houses and appointed by the Governor. Currently, the Council consists of representatives from: (a) DWD, DHFS, DPI and UW; (b) public and private nonprofit agencies of the state's political subdivisions providing direct services to individuals with developmental disabilities; (c) nongovernmental agencies and groups concerned with services to person with developmental disabilities; and (d) persons with developmental disabilities or their parents or guardians.

Require the Council to prepare, by January 31 of each year, a report evaluating the waiting lists compiled by DHFS for services for persons with developmental disabilities for the preceding calendar year and submit the report to the Legislature.

Authorize Locally-Matched Brain-Injury Waiver Slots and Expenditures. Incorporate the brain injury waiver (BIW) program into the community integration IB (CIP IB) program to provide counties the authority to create additional slots and fund additional expenditures above the state-funded BIW levels and capture additional federal matching funds by providing the nonfederal share of the BIW costs.

Under current law, the BIW program is not directly referenced in statute, and, as a result, DHFS may not claim federal matching funds for county expenditures under this program.

Nurse Visitation for MA Recipients Receiving Personal Care Services. Require DHFS to promulgate rules that require the written plan of care for MA recipients receiving personal care services to be reviewed by a registered nurse at least every 60 days. Specify that the rule must provide that the written plan of care must designate an interval for visits to the recipient's home by a registered nurse as part of the review of the plan. Specify that the designated interval for visits must be based on the individual recipient's needs and each recipient must be visited in his or her home by a registered nurse at least once in every 12-month period, rather than at least

every 60 days, as specified under current rule. Specify that the rules require that a visit to the recipient is also required if, in the course of the nurse's review of the plan of care, there is evidence that a change in the recipient's condition has occurred that may warrant a change in the plan of care.

Specify that DHFS must submit proposed rules required under this provision, to the Legislative Council staff no later than the first day of the fourth month beginning after the effective date of the bill.

Rules promulgated under this provision would not affect the frequency in which a registered nurse would be required to review of a care plan for MA recipients receiving personal care services, only the frequency in which that nurse would have to visit the recipient's home as part of that plan review. Under these rules, the care plan would specify the interval of such visits based on the individual recipient's need, rather every 60 days, as required under current rules. A visit would be required if during a review of a recipients' care plan, there was evidence that a change in the recipient's condition has occurred that may warrant a change in the plan of care. A visit by the registered nurse would be required at least once every 12-month period under rules promulgated under this provision.

Consolidation of Services for Persons with Developmental Disabilities. Require DHFS to develop a plan to administer and fund services for persons with developmental disabilities that would be included in its 2003-05 biennial budget request. Specify that the plan must include: (a) the consolidation of institutional and community-based services for persons with developmental disabilities within the administrative subunit that is administering community-based services; and (b) the consolidation of funding under the MA program for institutional and home and community-based waiver services for persons with developmental disabilities under a single appropriation, to the extent possible under federal law. Specify that funding for services to persons with developmental disabilities must not be tied to any specific program or service setting, but must be individually tailored to enable the person to live in the least restrictive setting that is appropriate to the person's needs and preferences. Direct DHFS to seek any new waivers under the MA program that would be necessary to implement these changes.

Pilot Program for Long-Term Care of Children with Disabilities. Require DHFS, as soon as possible before July 1, 2002, to seek a wavier of federal MA statutes and regulations that are necessary to provide to disabled individuals under 24 years of age, under one program, with uniform administration and service delivery, the services available under several MA community-based waiver programs (COP-W, CIP IA, CIP II and CIP IB), the family support program and early intervention services (birth-to-three) program. Require DHFS, if a waiver is received, to seek enactment of statutory language to implement the waiver as soon as possible before July 1, 2002. Specify that the program must have all of the following characteristics:

- MA coverage would be expanded to include children with severe disabilities and long-term care needs as well as children eligible for MA with high medical costs and to cover services focused on children and families needs.

- The administration of the program must be consistent with the family support program, including a family-centered assessment and planning process.

- The program must operate within rate settings based upon a child's level of care and support needs, and must be consistent with federal MA home and community-based waiver regulations.

- DHFS must coordinate supports and services with the MA fee-for-service system, including the prior authorization process.

- The lead agency for the program must be a county department or a human service agency that administers the program under a contract with a county department.

- Counties in which the program is located must provide, contract for the provision of, organize or arrange for long-term care supports to eligible children up to age 24 years, except that expenditures for children 21 to 23 years old must be approved by the DHFS based on the criteria used under the family support program for children of this age.

- The program must provide information and assistance services that include: (a) information and referral services and other services at hours that are convenient for the public; (b) prevention and intervention services within the limits of available funding; (c) counseling concerning public and private benefits programs; and (d) assistance with understanding child and parent rights within the long-term care system.

- The administering agency must determine functional and financial eligibility for the program by coordinating with DHFS services in completing: (a) a determination of functional eligibility for the children's long-term support benefit; (b) a determination of financial eligibility and of the maximum amount of cost sharing required for a family who is seeking long-term care services, under standards prescribed by DHFS; (c) assistance to a child who is eligible for a long-term care support benefit and to the child's family with respect to the choice of whether or not to participate in the waiver pilot; and (d) assistance in enrolling in the program, for families who choose to enroll their children.

- The cost of the program must not exceed the cost of existing services under the family support program, MA waiver programs and the birth-to-three program, and the program must blend the costs per child served under these programs.

- DHFS may develop a methodology to distribute funding to programs on a per child per month basis.

- DHFS must reinvest any funding saved by this new methodology into the children's long-term support system.

- DHFS must equitably assign priority on any necessary waiting lists, consistent with criteria prescribed by DHFS, for children who are eligible for the program, but for whom resources are not available.

- DHFS must provide transitional services to families whose children with physical or developmental disabilities are preparing to enter the adult service system.

- DHFS must determine eligibility for state supplemental SSI payments, MA or food stamps.

Veto by Governor [C-28]: Delete provisions relating to the: (a) membership on the Council on Developmental Disabilities; (b) Council report to the Legislature evaluating waiting lists; and (c) consolidation of services for person with developmental disabilities. As they relate to the pilot program for long-term care of children with disabilities, delete the provisions requiring that: (a) DHFS seek waivers as soon as possible before July 1, 2002, to implement the pilot program; (b) if the waiver is approved, DHFS seek legislation and funding as soon as possible before July 1, 2002, to implement the program; (c) the program include an expansion of MA waiver programs, the family support program and the birth-to-three program, and an expansion of services focused on the needs of children with developmental disabilities and their families; and (d) DHFS provide transitional services to families whose children with physical or developmental disabilities are preparing to enter the adult service system.

[Act 16 Sections: 174g, 174h, 1508rg thru 1509h, 1750km and 9123(16r),(16rr)&(16rs)]

[Act 16 Vetoed Sections: 174g, 174h and 9123(16r), (16rq) & (16rs)]

9. URBAN/RURAL SUBSTANCE ABUSE TREATMENT GRANTS FOR WOMEN [LFB Paper 517]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	$950,000	- $586,000	$364,000
PR	300,000	250,800	550,800
Total	$1,250,000	- $335,200	$914,800

Governor: Provide $600,000 ($475,000 FED and $125,000 PR) in 2001-02 and $650,000 ($475,000 FED and $175,000 PR) in 2002-03 to increase funding for substance abuse programs for women. Federal funding is available from the substance abuse prevention and treatment (SAPT) block grant. PR funding is available from the drug abuse program improvement surcharge (DAPIS).

DHFS awards annual grants to counties and private entities, in both urban and rural communities, to provide community-based alcohol and other drug abuse treatment programs that: (a) meet the special needs of women with problems resulting from alcohol or other drug abuse; and (b) emphasize parent education, vocational and housing assistance and coordination with other community programs and with treatment under intensive care. In 2000-01, $1,167,900 FED from the SAPT block grant budgeted in DHFS and $1,000,000 FED in TANF funds budgeted in DWD supported grants to nine counties. Under the bill, TANF funding in DWD for this program would be discontinued after calendar year 2001.

Joint Finance/Legislature: Modify the Governor's recommendations by reducing funding for grants by $273,900 FED in 2001-02 and $312,100 FED in 2002-03 to reflect reestimates of SAPT funding available to support grants. Increase funding for grants by $106,300 PR in 2001-02 and $144,500 PR in 2002-03 from DAPIS funds to support grants at the level recommended by the Governor. Therefore, $1,600,300 (all funds) in 2001-02 and $1,650,300 (all funds) in 2002-03 would be available for grants.

[Act 16 Section: 1568d]

10. SUBSTANCE ABUSE SERVICES GRANTS [LFB Paper 517]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	$0	$2,000,000	- $2,000,000	$0

Governor: Authorize DHFS to distribute substance abuse treatment grants to all counties, rather than Milwaukee County, exclusively. Under current law, DHFS distributes a $5,000,000 GPR annual grant to Milwaukee County that the county uses to provide substance abuse treatment services to TANF-eligible individuals with family incomes equal to or less than 200% of the federal poverty level.

In addition, require that allocated but unexpended funds for these substance abuse treatment grants on June 30 of each year be transferred to the Wisconsin Works and other public administration and benefits appropriation in DWD. Current law states that at the end of the 1999-00 fiscal year, DHFS is required to transfer the difference between the $5,000,000 appropriation and the amount expended and encumbered to DWD to help satisfy the TANF maintenance-of-effort requirement.

Joint Finance: Modify the Governor's provisions by specifying that the effective date of this change would be January 1, 2002.

Transfer $1,000,000 GPR annually from DWD to DHFS for substance abuse services grants. Indicate that these funds be counted towards the state's TANF maintenance-of-effort requirement. Specify that no less than $2,000,000 of the total annual grant funding be awarded to Milwaukee County or private, nonprofit organizations in Milwaukee County. In addition,

specify that no more than $4,000,000 of the total annual grant funding be awarded to counties and private, nonprofit organizations throughout the state. Require DHFS to distribute substance abuse services grants that are not earmarked specifically for services in Milwaukee County to counties and private, nonprofit organizations in counties, including Milwaukee County, based on the distribution of families with income at or below 200% of the federal poverty level.

Assembly: Reduce funding that would be provided for substance abuse services grants by $1,000,000 annually so that base funding ($5,000,000 per year) would continue to be available for grants. In addition, delete the provision in the substitute ammendment that would specify that no less than $2,000,000 of the total annual grant funding would be awarded to Milwaukee County or private, nonprofit organizations in Milwaukee County and that grant funds would be distributed based on the distribution of families with income at or below 200% of the federal poverty level.

Conference Committee/Legislature: Delete all changes in the bill relating to these grants except the requirement that allocated but unexpended funds for these substance abuse grants on June 30 of each year be transferred to the Wisconsin Works and other public administration and benefits appropriation in DWD. Consequently, DHFS would be required to distribute a $5,000,000 GPR annual grant to Milwaukee County to provide substance abuse services to TANF-eligible individuals with family incomes equal to or less than 200% of the federal poverty level, as stated in current law. Funding for these grants is counted toward the state's TANF maintenance-of-effort requirement.

[Act 16 Sections: 725 and 737]

11. DRUG PREVENTION AND INTERVENTION GRANT

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$60,000	$0	$60,000
GPR-Lapse	$0	$60,000	$60,000

Senate/Legislature: Provide $30,000 annually for DHFS to provide as a grant for community programs to the Career Youth Development Center in the City of Milwaukee for the Center's drug prevention and intervention programs. These programs would provide student athletes in middle school and high school in the Milwaukee public school system with activities designed to prevent alcohol and other drug experimentation and abuse.

Veto by Governor [C-35]: Delete provision and lapse $30,000 annually to the general fund.

[Act 16 Vetoed Section: 1557v]

12. SUBSTANCE ABUSE TREATMENT OF MINORS

Assembly/Legislature: Incorporate the provisions of 2001 Assembly Bill 116, which relates to substance abuse treatment of minors, into the bill.

Minor's Consent for Inpatient Treatment. Repeal the requirement that a minor 14 years of age or older provide consent before the minor may receive inpatient treatment for the primary purpose of alcoholism or drug abuse (substance abuse) treatment.

Minor's Consent for Assessments by Approved Treatment Facilities. Permit a parent or guardian of a minor to consent to have the minor assessed for the minor's abuse of alcohol or other drugs and to consent to a plan of treatment that is recommended, based on the assessment, by an approved treatment facility without obtaining the minor's consent for the assessment.

Specify that if, based on the assessment, the facility determines that the minor is in need of substance abuse treatment, the treatment facility would be required to recommend a plan of treatment that is appropriate for the minor's needs and that provides for the least restrictive form of treatment consistent with the minor's needs. Specify that the treatment may consist of outpatient treatment, day treatment or inpatient treatment.

Voluntary Treatment Services for Minors Whose Parents Cannot be Found or for Whom There is no Parent with Legal Custody. Permit a minor under 14 years of age to petition the juvenile court for approval of admission to an inpatient facility for substance abuse treatment if the minor's parent or guardian refuses to submit the treatment application, cannot be found, or if there is no parent with legal custody. Specify that a copy of the petition and notice of hearing be served upon the parent or guardian at his or her last-known address. Require a court to approve the minor's admission without the consent of the parent or guardian if, after a hearing, the court determines that the parent or guardian cannot be found or that there is no parent with legal custody and that the admission is proper under the statutory standards for admission. Require a minor who obtains admission through such a petition to be discharged within 48 hours after submitting a request for a discharge.

Currently, only minors 14 years or older may petition a court for admission to an inpatient facility under these circumstances.

Permit a physician or health care facility to render preventive, diagnostic, assessment, evaluation or treatment services to a minor under 12 years of age without obtaining consent from the minor's parent or guardian or providing the notice to the minor's parent or guardian if the parent or guardian cannot be found or there is no parent with legal custody of the minor.

Currently, physicians and health care facilities may render services under these circumstances to minors 12 years of age or older.

Discharges from Inpatient Treatment Facilities. Repeal the requirement that a minor 14 years of age or over who has been voluntarily admitted to an inpatient facility for substance abuse services be discharged within 48 hours after his or her request for a discharge. Instead, require that the minor be discharged within 48 hours after the request of the minor's parent or guardian. Permit a minor who is not discharged either on the request of the minor or the request of the minor's parent or guardian to submit a request to the juvenile court to hold a hearing to determine the continued appropriateness of the minor's admission.

Initial Applicability. Specify that these changes would first apply to individuals who are receiving substance abuse treatment in an approved inpatient facility, or who are receiving substance abuse outpatient services on the bill's general effective date, regardless of whether admission to the inpatient facility or outpatient program occurred or was sought prior to the effective date of the bill.

[Act 16 Sections: 1966cb thru 1966cz, 1966r, 1967f thru 1967j, 1993f thru 1993h, 933w, 9323(17k) and 9423(17k)]

13. PERFORMANCE EVALUATIONS FOR SUBSTANCE ABUSE INTERVENTION AND TREATMENT GRANTS

Assembly/Legislature: Require DHFS to promote the efficient use of resources for substance abuse intervention and treatment services by doing all of the following: (a) developing one or more methods to evaluate the effectiveness of, and developing performance standards for, substance abuse intervention and treatment services adminstered by DHFS; (b) adopting policies to ensure that, to the extent possible under state and federal law, funding for substance abuse intervention and treatment services that are administered by DHFS are distributed giving primary consideration to the effectiveness of the services in meeting department performance standards for substance abuse services; (c) requiring every application for funding from DHFS for susbtance abuse intervention or treatment services to include a plan for the evaluation of the effectiveness of the services in reducing substance abuse by the service recipients; and (d) requiring every funding recipient to provide DHFS the results of the evaluation conducted under (c).

Veto by Governor [D-11]: Delete provision.

[Act 16 Vetoed Section: 1483j]

14. COMMUNITY SUPPORT PROGRAM

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$2,000,000	- $500,000	$1,500,000

Joint Finance: Provide $1,000,000 annually to provide the state's share of medical assistance (MA) program benefits to MA recipients who receive services under community support programs. This county-administered program provides community-based, individualized services, including coordinated care, treatment, rehabilitation and support services, to adults with severe and persistent mental illness. Currently, counties provide the state match for federal MA funds for eligible services provided to MA recipients.

Assembly: Delete provision.

Conference Committee/Legislature: Restore the Joint Finance provision. In addition, modify the provision to enable DHFS to use the additional funding to provide state support for county community support programs, rather than limiting the use of this funding for the state match for MA-eligible services.

Veto by Governor [C-33]: Delete $500,000 in 2001-02. In addition, delete "$1,000,000" in the related statutory language specifying the amount of funds DHFS must distribute for community support services from this appropriation.

[Act 16 Sections: 726n and 1971L]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.435(7)(bL)) and 1971L]

15. SSI CARETAKER SUPPLEMENT REESTIMATE [LFB Paper 1041]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- $523,600	$4,604,600	$4,081,000

Governor: Provide $496,800 in 2001-02 and delete $1,020,400 in 2002-03 to reflect a reestimate of the amount of TANF funding transferred from the Department of Workforce Development (DWD) to DHFS that will be required to support the state supplemental security income (SSI) caretaker supplement program in the 2001-03 biennium. The administration projects that the regular SSI caseload will continue to decline and the number of individuals eligible for the SSI caretaker supplement will remain constant in the 2001-03 biennium. The bill would provide a total of $18,288,800 PR in 2001-02 and $16,771,600 PR in 2002-03 in TANF funds transferred from DWD to support these payments.

SSI is a federal cash benefit program for low-income, disabled or blind adults and children. Each Wisconsin recipient of a federal SSI benefit is eligible for a basic state supplement to his or her benefit. A recipient's state benefit level is based on whether that individual is living independently in his or her own household or living in the household of another person. If a recipient has a spouse who is also eligible to receive SSI benefits, the couple receives a combined benefit. The caretaker supplement is a cash benefit to SSI recipients who

have dependent children. The benefit is $250 per month for the first dependent child and $150 per month for each additional dependent child.

Joint Finance/Legislature: Increase funding by $1,718,200 in 2001-02 and $2,886,400 in 2002-03 to reflect a reestimate of the funding necessary to support the SSI caretaker supplement program in the 2001-03 biennium. It is projected that the regular SSI caseload will continue to decline and the caretaker supplement caseload will continue to increase.

16. RESPITE CARE PROGRAM

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$225,000	- $225,000	$0

Joint Finance/Legislature: Provide $112,500 annually to increase funding for the life-span respite care project. In 2000-01, $225,000 was budgeted for this program, which DHFS provided as a grant to the Respite Care Association of Wisconsin to serve as the statewide respite care coordinator. The Association awarded $155,000 in grants to each of the five DHFS regions in the state through a competitive process. In addition, delete a reference to grants provided in the 1999-01 biennium to indicate that funding is to be provided in subsequent biennia.

Veto by Governor [C-31]: Delete the provision that would increase funding for the program.

[Act 16 Section: 1574]

[Act 16 Vetoed Section: 395 (as it relates to s. 20.435(7)(br))]

17. COMPULSIVE GAMBLING AWARENESS CAMPAIGN GRANT PROGRAM

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
PR	- $500,000	$500,000	$0

Joint Finance: Delete $250,000 annually and eliminate the compulsive gambling awareness campaign grant program administered by DHFS. Under current law, DHFS is required to provide grants totaling $250,000 to one or more individuals or organizations in the private sector to conduct compulsive gambling awareness campaigns. Program revenue (PR) is available from Indian gaming revenue.

In 2000-01, the Wisconsin Council on Problem Gambling was awarded this grant and used the funds to provide: (a) a 24-hour helpline; (b) a public relations and media awareness

campaign on compulsive gambling; (c) training for human service professionals in the area of problem gambling; (d) educational materials targeted for middle- and high school-age students; (e) a statewide conference; (f) grants for community-based activities; and (g) a needs assessment survey and research project on the addiction of compulsive gambling.

Senate: Delete the provision under Joint Finance that would eliminate the compulsive gambling awareness campaign grant program. Instead, provide $250,000 annually for DHFS to provide grants under this program. Transfer $250,000 annually from the general program operations appropriation of the state lottery in the Department of Revenue (DOR) to DHFS for this purpose. Provide that any unencumbered balance in the DHFS appropriation at the end of each fiscal year would be transferred to the lottery fund. Provide that, of the amounts appropriated for the general program operations of the lottery, DOR could not expend more than $4,358,000 in each fiscal year for advertising of the state lottery.

Under current law, DHFS is required to provide annual grants totaling $250,000 to one or more individuals or organizations in the private sector to conduct compulsive gambling awareness campaigns. The program is funded with tribal gaming revenue in the current biennium. The lottery advertising budget, which is part of the general program operations appropriation of the lottery, is currently budgeted $4,608,000 annually. Under this provision, the amount would be reduced by $250,000 annually, but no reduction would be made to the general program operations appropriation of the lottery.

Conference Committee/Legislature: Adopt the Senate provisions, but delete the provision that would specify that, of the amounts appropriated for the general program operations of the lottery, DOR could not expend more than $4,358,000 in each fiscal year for advertising the state lottery.

[Act 16 Sections: 728p, 880c, 920h, 1142t and 1483gb]

18. ALZHEIMER'S DISEASE RECOGNITION AND SAFE-RETURN PROGRAM

	Senate/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$60,000	- $60,000	$0

Senate: Provide $30,000 annually to DOJ for publicity activities for a program administered by a nongovernmental entity that registers persons with Alzheimer's disease or other related dementias in a national database and provides the persons identification bracelets that facilitate their safe return to caregivers if they become lost or wander. Create an appropriation in DOJ to receive these funds.

Conference Committee/Legislature: Modify the Senate provision to provide DHFS, rather than DOJ, funding for publicity activities.

Veto by Governor [C-42]: Delete provision.

[See "Justice" for additional information on this provision.]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.435(6)(a)), 721r and 1568c]

19. ALZHEIMER'S FAMILY AND CAREGIVER SUPPORT PROGRAM

Senate: Delete the Department's current authority to transfer funds from the Alzheimer's family and caregiver support program (AFCSP) in counties with a Family Care care management organization (CMO) to Family Care. In addition, specify that counties may provide AFCSP services to individuals under the AFCSP eligibility requirements, regardless of whether or not the individual is eligible for Family Care.

Conference Committee/Legislature: Delete the Senate provision. Instead, specify that individuals in counties with a Family Care CMO, who are not eligible for services under Family Care, but who meet the eligibility requirements for AFCSP, may receive services under AFCSP. Require that individuals in those counties who meet the eligibility requirements for Family Care receive services under the Family Care program. In addition, for counties with a Family Care CMO, specify that DHFS may transfer the lesser of up to 60% of the amount allocated to counties for AFCSP, or the AFCSP allocation minus the amount necessary to maintain funding for recipients receiving services under the AFCSP, who on the general effective date of the bill, are ineligible for Family Care.

[Act 16 Sections: 1556d, 1568mg and 1568mh]

20. CAREGIVER COMPLAINT CONTRACT

	Funding	Positions
GPR	$0	- 1.45
PR	113,800	0.00
Total	$113,800	- 1.45

Governor/Legislature: Provide $56,900 PR annually and delete 1.45 GPR positions, beginning in 2001-02, to fully fund the caregiver complaint contract in the 2001-03 biennium. DHFS contracts with a private firm to investigate complaints of abuse, neglect and misappropriation of property by caregivers employed by certain health care and long-term care providers. This item would be supported with revenues DHFS collects from licensing nursing homes and hospitals.

21. PROGRAM CERTIFICATION STAFF

	Positions
FED	0.25
PR	0.75
Total	1.00

Governor/Legislature: Provide 1.0 licensing specialist position (0.25 FED position and 0.75 PR position), beginning in 2001-02, to certify outpatient substance abuse and mental health treatment programs. The costs of supporting this position would be absorbed by DHFS. Substance abuse and mental

health treatment programs must be certified in order to receive public funding, and, in many cases, private insurance funding.

22. HOSPITAL AND NURSING HOME FEE REVENUE

Governor/Legislature: Increase the amount of hospital and nursing home licensing fee revenue that would support vital statistics services and regulation of nursing home and other facility capital projects from $297,200 in 2000-01 to $310,100 in 2001-02 and $309,300 in 2002-03. The remaining hospital and nursing home licensing fee revenue is credited to the appropriation for licensing and support services for nursing homes, hospitals and other health care facilities. DHFS assesses annual fees of $6 per licensed bed on nursing homes and $18 per licensed bed on hospitals to support these functions.

[Act 16 Section: 708]

23. ADULT DAY CARE CERTIFICATION FEE

PR-REV	- $53,200
PR	- $53,200

Senate/Legislature: Reduce funding to support the certification of adult day care centers by $26,600 annually and modify the certification fee for adult day care facilities so that the biennial fee would be $100, rather than $89 plus $17.80 multiplied by the number of clients that the adult day care center is certified to serve, as provided under current law. Reduce projected program revenue by $26,600 annually because of this fee reduction. Repeal the Department's authority to increase the fee by administrative rule.

Veto by Governor [C-14]: Delete the provision that would repeal the Department's authority to increase the statutory fee by administrative rule.

[Act 16 Sections: 722d, 1791h and 1791i]

[Act 16 Vetoed Section: 1791i]

24. HEALTH INSURANCE SUPPLEMENT FOR COMMUNITY DISABILITY SERVICE PROVIDERS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$250,000	- $250,000	$0

Senate: Provide $500,000 in 2001-02 to fund supplements to providers of services under the home and community-based waiver programs under MA, to offset costs of providing health insurance to the providers' employees. Require a provider to apply to DHFS for a supplement,

and limit the supplement any provider may receive to the amount the provider expends for employee health care insurance costs or $50,000, whichever is less.

Conference Committee/Legislature: Modify the Senate provision by providing $250,000, rather than $500,000, in 2001-02.

Veto by Governor [C-12]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.435(4)(bu)), 707r, 707s, 9123(13q) and 9423(15r)]

25. NURSING HOMES -- COMPREHENSIVE QUALITY ASSESSMENT PILOT PROJECT

Assembly: Require DHFS, by January 1, 2002, to submit for review by the appropriate standing committees of each house of the Legislature, as determined by the presiding officer of each house, a request to the U.S. Department of Health and Human Services, for a waiver of federal MA laws to permit nursing facilities, as approved by DHFS, to participate in a pilot project in Brown, Grant, Polk and Waukesha Counties, under which comprehensive assessments of the quality of care conducted by private entities could, if approved by DHFS, be used in lieu of annual surveys conducted by the DHFS. Prohibit DHFS from submitting the request unless the request is approved by the appropriate standing committees of the Legislature that review the request.

If the waiver is approved, require DHFS to conduct a pilot program in Brown, Grant, Polk, and Waukesha Counties, under which nursing facilities could apply to DHFS to participate in the project.

Specify that, if the nursing facility contracts to receive a comprehensive quality assessment, under standards and principles of comprehensive assessments of the quality of care provided to residents of nursing facilities, it must provide to DHFS a copy of a report by the assessment provider of each assessment conducted. Require each report to include any findings of violations of state statutes or rules that are discovered in the course of performance of the assessment. Require the nursing facility to provide any information that DHFS requests concerning any violations noted in the report. Permit DHFS to use the assessment report and information provided by the nursing facility as evidence for issuing state citations and other sanctions and assessing related forfeitures. Authorize, but not require, DHFS to waive the annual required nursing home survey upon receipt of the assessment report. This report could substitute for the required annual nursing home survey that is conducted by DHFS for meeting certification standards under MA and Medicare.

Conference Committee/Legislature: Delete provision.

26. CREATION OF LICENSURE FOR RESPITE FACILITIES FOR PERSONS WITH SIMILAR DISABILITIES

Assembly/Legislature: Create a new type of licensure for facilities that provide respite care to persons with similar disabilities. Allow such a facility to provide overnight respite care for up to 10 persons with similar disabilities who are at least two years of age, and in addition, day respite care for up to 10 additional persons with similar disabilities who are at least two years of age.

Require DHFS to provide uniform statewide licensure, inspection and regulation of these respite facilities and prohibit any person from operating a respite facility unless the facility is licensed by DHFS. Require DHFS to issue a license if it finds that the applicant is fit and qualified and meets the statutory requirements and rules. Require DHFS or the Department's designated representative to inspect or investigate a respite facility prior to issuance of a license, and authorize DHFS to inspect a respite facility, as DHFS deems necessary, including a review of patient care records. Specify that the past record of violations of federal or state laws or regulations of this or any other state, in the operation of any health-related organization, by an operator, managing employee, or direct or indirect owner of a respite facility is relevant to the issue of the fitness of an applicant for a license. Require DHFS or the Department's designated representative to inspect and investigate as necessary to determine the conditions existing in each case, and require DHFS to prepare and maintain a written report concerning the investigation and inspection.

Require that the application for a license be in writing on a form provided by DHFS, and contain such information as required by DHFS. Require that the application for licensure include the annual license fee of $18 per licensed bed. Specify that a license is valid until suspended or revoked, and that each license is issued only for the applicant named in the application and may not be transferred or assigned. Require that any license granted under special limitations prescribed by DHFS must state the limitations.

Prohibit any entity that is not a licensed respite facility from designating itself as a "respite facility" or use the word "respite facility" to represent the entity as a respite facility or as providing services provided by a respite facility.

Authorize DHFS, after notice to the applicant or licensee, to suspend or revoke a license in any case in which DHFS finds that there has been a substantial failure to comply with statutory requirements or promulgated rules. Prohibit the payment of state funds or federal funds passing through the state treasury to any respite facility that does not have a valid license. Specify that the notice of revocation must include a clear and concise statement of the violations on which the revocation is based, the statute or rule violated and notice of the opportunity for an evidentiary hearing. Require the respite facility, if it desires to contest the revocation of license, to notify DHFS in writing of its request for a hearing under s. 227.44. Specify that revocation would become effective on the date set by DHFS in the notice of revocation, or upon final action after a hearing under Chapter 227, or after court action if a stay is granted under

Chapter 227, whichever is later. Authorize DHFS to extend the effective date of license revocation in any case in order to permit orderly removal and relocation of individuals served by the respite facility.

Require DHFS to promulgate rules regarding standards for the care, treatment, health, safety, rights, and welfare of persons receiving care and the maintenance, general hygiene and operation of a respite facility. Specify that these standards must permit residents who receive day care to share dining facilities and day trips with persons who receive overnight care. Also, specify that the standards must allow provision of fire safety training by a local fire inspector or a fire department.

Require DHFS to promulgate rules regarding: (a) the inspection or investigation procedures that DHFS or the Department's designated representative may use to assure that care and treatment meets required standards; (b) criteria for determining that the applicant for licensure is fit and qualified; (c) a procedure for waiver of and a variance from required standards, which waiver or variance may be limited in duration by DHFS; (d) the definitions of "disability" and "like or similar disabilities" for purposes of specifying the groups of clients that can be served by respite facilities in general and that can be served by a single respite facility.

Authorize DHFS, upon the advice of the Attorney General, to institute an action in the name of the state in the circuit court for Dane County for injunctive relief or other process against any licensee, owner, operator, administrator or representative of any owner of a respite facility for the violation of any of the statutory requirements or rules if the violation affects the health, safety or welfare of persons with cerebral palsy. Specify that the Attorney General would represent DHFS in all such proceedings.

Authorize DHFS to impose a forfeiture of not more than $100 for the first violation and a forfeiture of not more than $200 for the second and any subsequent violation within a year for any person that violates statutory requirements or rules pertaining to a respite facility. Specify that each day of violation constitutes a separate violation, and require that the following factors be considered in determining whether a forfeiture is imposed and the amount of the forfeiture: (a) the gravity of the violation, including the probability that death or serious harm will result or has resulted, the severity of the actual or potential harm, and the extent to which statutory provisions or rules were violated; (b) good faith exercised by the licensee; (c) any previous violations committed by the licensee; and (d) the financial benefit to the facility of committing or continuing the violation.

Authorize DHFS to directly assess forfeitures, but require DHFS to send a notice of assessment to the facility. Require that the notice specify the amount of the forfeiture, the violation and the statute or rule alleged to have been violated, and inform the licensee of the right to a hearing. Permit a facility to contest forfeiture by sending, within 10 days after receipt of notice, a written request for a hearing under s. 227.44 to the DOA Division of Hearings and Appeals. Allow the administrator of the Division of Hearings and Appeals to designate a hearing examiner to preside over the case and recommend a decision to the administrator.

Specify that the decision of the administrator is the final administrative decision, and require that the hearing commence within 30 days after receipt of the request for hearing. Require that the final decision be issued within 15 days after the close of the hearing. Require that all forfeitures be paid to DHFS within 10 days after receipt of the notice of assessment or, if the forfeiture is contested, within 10 days after receipt of the final decision after exhaustion of administrative review, unless the final decision is appealed and the order is stayed by court order. Require DHFS to remit all forfeitures paid to the State Treasurer for deposit in the school fund. Permit the Attorney General to bring an action in the name of the state to collect any forfeiture imposed if the forfeiture has not been paid following the exhaustion of all administrative and judicial reviews. Specify that the only issue to be contested in any such action is whether the forfeiture has been paid.

Require DHFS to submit in proposed form the rules required for respite facilities to the Legislative Council staff no later than October 31, 2002. Specify that the licensure of respite facilities would begin on March 1, 2003.

Veto by Governor [C-15]: Delete provision.

[Act 16 Vetoed Sections: 1877g thru 1877i, 1894r thru 1900m, 9123(18f) and 9423(18f)]

Family Care and Other Community-Based Long-Term Care Programs

1. FAMILY CARE -- FUNDING [LFB Paper 520]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	$4,470,900	$1,319,500	- $4,267,100	$1,523,300
FED	1,159,400	11,445,800	- 9,437,000	3,168,200
PR	- 16,171,300	0	0	- 16,171,300
Total	- $10,541,000	$12,765,300	- $13,704,100	- $11,479,800

Governor: Delete $4,508,500 ($2,179,200 GPR, $1,432,000 FED, and -$8,119,700 PR) in 2001-02 and delete $6,032,500 ($2,291,700 GPR, -$272,600 FED and -$8,051,600 PR) in 2002-03 to reflect the net fiscal effect of funding projected Family Care costs, other than payment to care management organizations (CMOs) for services they provide to MA-eligible enrollees in the five existing CMOs.

The GPR increase is primarily due to projected increases in CMO service costs for non MA-eligible Family Care enrollees. The bill would increase funding by $3,141,700 GPR in 2001-02 and $5,734,900 GPR in 2002-03 to support these costs. In addition, funding to support information technology costs would increase by $426,900 GPR in 2001-02 and $401,000 GPR in

2002-03. These and other funding increases would be partially offset by several proposed funding reductions, such as eliminating base funding for external advocacy services provided by the Wisconsin Coalition for Advocacy under contract with the Board on Aging and Long-Term Care and the state's Long-Term Care Council. In addition, the GPR cost increases would be partially supported by increasing the amount of funding that would be transferred from community aids and the community options program (COP) to support Family Care.

Funding for the projected growth of MA-eligible enrollees in existing CMO sites is reflected under the MA base reestimate item. The amount provided in the MA base reestimate is $1,898,900 GPR and $10,686,300 FED in 2001-02 and $4,472,100 GPR and $13,210,100 FED in 2002-03. In total, the bill would provide an additional $4,078,100 GPR in 2001-02 and $6,763,800 GPR in 2002-03 to support the costs of Family Care in the 2001-03 biennium.

Joint Finance: Reduce funding in the bill by $1,173,100 GPR and increase funding by $207,600 FED in 2001-02 and increase funding by $2,492,600 GPR and $11,238,200 FED in 2002-03 as follows.

Reestimate Program Costs. Reestimate the costs of Family Care in the 2001-03 biennium (-$1,428,100 GPR and -$47,400 FED inn 2001-02 and -$1,519,500 GPR and $2,056,200 FED in 2002-03). The funding adjustments include: (a) increased funding for resource centers; (b) reduced funding for CMO costs to reflect lower projected enrollment of non-MA eligibles in the CMO counties; and (c) projected increases in funding that will be transferred from community aids and the community options program to support Family Care program costs.

Kenosha CMO. Provide $3,032,100 GPR and $8,202,000 FED in 2002-03 to establish a new CMO site in Kenosha County, beginning on July 1, 2002.

County Planning Costs. Provide $700,000 GPR and $700,000 FED in 2002-03 to support counties' costs to plan for future participation in Family Care.

External Advocacy Services. Increase funding budgeted for medical assistance administration by $250,000 GPR and $250,000 FED in 2001-02 and by $275,000 GPR and $275,000 FED in 2002-03 to support external advocacy services for persons applying for, and enrolled in, Family Care. This funding would be transferred to the Board on Aging and Long-Term Care to support a contract with the Wisconsin Coalition for Advocacy to provide these services and to support 1.0 PR position in the Board.

Wisconsin Council on Long-Term Care. Increase funding by $5,000 GPR and $5,000 FED annually to maintain support for the Wisconsin Council on Long-Term Care. In addition, extend the sunset date for the Council from July 1, 2001, to July 1, 2003.

Conference Committee/Legislature: Transfer $700,000 GPR that was provided by the Joint Committee on Finance to support counties' costs to plan for future participation in Family Care from the Division of Health Care Financing to the DHFS general administration program operations appropriation.

Veto by Governor [C-29]: Delete the additional funding and statutory changes included by the Joint Committee on Finance relating to: (a) establishing a CMO site in Kenosha County; (b) county planning costs; (c) external advocacy services; and (d) the Wisconsin Council on Long-Term Care. Reduce funding by $255,000 GPR and $255,000 FED in 2001-02 and by $4,012,100 GPR and $9,182,000 FED in 2002-03 to reflect these changes.

[Act 16 Vetoed Sections: 395 (as it relates to 20.435(4)(b),(bm)&(bn) and (8)(a)), 1520d thru 1520w and 4060c]

2. CIP IB AND CIP II SLOTS AND RATES [LFB Paper 521]

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	$7,109,400	$9,695,400	- $5,844,400	$10,960,400
FED	10,075,500	13,741,800	- 6,614,300	17,203,000
Total	$17,184,900	$23,437,300	- $12,458,700	$28,163,400

Governor: Provide $5,728,300 ($2,362,900 GPR and $3,365,400 FED) in 2001-02 and $11,456,600 ($4,746,500 GPR and $6,710,100 FED) in 2002-03 to fund 60 new CIP IB placements and 686 new CIP II slots that will be phased-in over the 2001-02 fiscal year.

The CIP IB and CIP II programs provide enrollees a comprehensive set of community-based services as an alternative to institutional care. The CIP IB program serves persons with developmental disabilities, while the CIP II program serves persons who are elderly and persons who are physically disabled.

Joint Finance/Legislature: Modify the Governor's recommendations as follows.

CIP IB Slots. Provide $1,898,600 GPR and $2,704,100 FED in 2001-02 and $5,296,800 GPR and $7,498,900 FED in 2002-03 to fund 388 new CIP IB slots in 2001-02 and another 300 CIP IB slots in 2002-03 at an enhanced rate of $65 per day.

CIP IB Rates for Current Slots. Provide $500,000 GPR and $712,100 FED in 2001-02 and $750,000 GPR and $1,057,300 FED in 2002-03 to increase reimbursement rates for current CIP IB slots from the current rate of $48.33 per day to $49.67 per day in 2001-02 and to $50.33 per day in 2002-03.

CIP II Rates for Current Slots. Provide $500,000 GPR and $712,100 FED in 2001-02 and $750,000 GPR and $1,057,300 FED in 2002-03 to increase reimbursement rates for current CIP II slots from $40.78 per day to $41.86 per day in 2001-02 and to $42.23 per day in 2002-03.

Veto by Governor [C-26]: Reduce funding by $1,989,000 GPR and $2,219,500 FED in 2001-02 and by $3,855,400 GPR and $4,394,800 FED in 2002-03 to reflect the net fiscal effect of: (a) reducing the number of new CIP IB slots by 138 in 2001-02 and by 300 in 2002-03 so that 250 additional CIP IB slots would be provided, beginning in 2001-02, in addition to the slots

included in the Governor's initial budget recommendations; (b) increasing the CIP IB rate for current and new slots from $48.33 per day to $49.67 per day, beginning July 1, 2002; and (c) increasing the CIP II rate for current slots from $40.78 per day to $41.86 per day, beginning July 1, 2002.

[Act 16 Vetoed Section: 395 (as it relates to s. 20.435(4)(b)]

3. COP AND COP-W SLOTS [LFB Paper 521]

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	$2,679,300	$9,998,600	- $2,694,600	$9,983,300
FED	0	11,760,000	- 2,817,600	8,942,400
Total	$2,679,300	$21,758,600	- $5,512,200	$18,925,700

Governor: Provide $1,336,300 in 2001-02 and $1,343,000 in 2002-03 to fully fund community option program (COP) slots that were created in 2000-01. 1999 Wisconsin Act 9 created 581 new COP slots that were phased-in during the 2000-01 fiscal year and, as a result, the full annualized cost of these slots is not included in the base budget. Federal matching funds for COP-waiver slots are included as part of the MA base reestimate.

Joint Finance/Legislature: Modify the Governor's recommendation by providing an additional $2,851,300 GPR and $3,003,600 FED in 2001-02 and $7,147,300 GPR and $8,756,400 FED in 2002-03 to support 1,000 additional COP-Waiver (COP-W) slots in 2001-02 and an additional 960 COP-W slots in 2002-03. By the end of the 2001-03 biennium, there would an additional 1,960 COP-W slots. The COP-W program funds community-based, long-term care services to elderly and physically disabled individuals.

Veto by Governor [C-26]: Delete $2,694,600 GPR and $2,817,600 FED in 2002-03 to delete funding for 960 additional COP-W slots that would have been provided in 2002-03. Consequently, Act 16 provides funding to support 1000 new COP-W slots, beginning in calendar year 2002.

[Act 16 Vetoed Section: 395 (as it relates to 20.435(7)(bd)]

4. CBRF SIZE LIMIT FOR COP-W AND CIP II

GPR	- $3,637,600

Governor: Authorize counties to use COP-W and CIP II funds to support residential services in community-based residential facilities (CBRFs) with up to 20 beds, with the approval of DHFS. Under current law, counties may use COP-W and CIP II funds to support residential services in CBRFs with up to four beds without receiving approval from DHFS, but may use COP-W and CIP II funds to support residential services in CBRFs with up to eight beds with the approval of DHFS.

Senate/Assembly/Conference Committee: Reduce funding for the regular COP program (COP-R), which is funded entirely with GPR, by $1,212,600 in 2001-02 and by $2,425,000 in 2002-03 to reflect the estimated GPR cost savings of funding long-term care services for some persons who reside in CBRFs with COP-W funds, rather than COP-R funds.

Modify the bill to authorize counties to use COP-R, COP-W and CIP II funds for services provided in CBRFs with up to 20 beds without the approval of DHFS and without the need to meet certain conditions and to use these funds for services provided in CBRFs with over 20 beds if approved by DHFS and certain standards are met. Repeal a current provision that permits counties to establish and implement more restrictive conditions than those specified in state law regarding the use of COP-W funds to provide services to persons who reside in CBRFs.

It is anticipated that, due to this change, approximately 400 persons who are currently receiving services funded entirely with GPR under COP-R would instead receive services under COP-W. The 1999 average cost of providing care for persons enrolled in COP-R was approximately $860 per month, so that the GPR cost of providing services to these 400 persons is estimated to be approximately $4,128,000 per year (400 persons x $860 per month per person x 12 months = $4,128,000 per year.) Since approximately 59% of thee costs of services for these persons would be funded with federal MA matching funds under COP-W, rather than GPR under COP-R, the annualized GPR savings is estimated to be approximately $2,425,000 per year, half of which is assumed to be realized in the first year of the 2001-03 biennium. Although not reflected in the DHFS appropriation schedule, federal MA funding would increase by the amount of the GPR decrease if the anticipated transfer of costs from COP-R to COP-W occurs.

Veto by Governor [C-27]: Delete the provision that would have repealed the current law provision that permits counties to establish and implement more restrictive conditions than those specified in state law regarding the use of COP-W funds to provide services to persons who reside in CBRFs.

[Act 16 Sections: 1502L thru 1502r, 1505b, 1505d and 1507s thru 1508d]

[Act 16 Vetoed Sections: 1504r]

5. FAMILY CARE -- ENTITLEMENT

Governor/Legislature: Authorize DHFS to delay until January 1, 2004, the date by which persons who are not eligible for MA and who meet specified functional criteria are entitled to the Family Care benefit. Specify that before the date determined by DHFS, persons who are not eligible for MA may receive the Family Care benefit within the limits of state funds appropriated for this purpose and available federal funds.

Under current law, DHFS must determine a date that is no later than July 1, 2000, by which individuals not eligible for MA are entitled to the Family Care benefit. However, CMOs have 24 months to build capacity to serve all entitled persons. Since the five current CMOs

began operating from February, 2000, to January, 2001, entitlement under current law could be delayed until February, 2002, to January, 2003, depending on the county. As a result, this provision could delay entitlement for non-MA eligibles by 12 to 23 months, depending on the county.

Under current law, entitlement for the Family Care benefit for persons who are ineligible for MA will eventually include the following two groups: (a) persons at the comprehensive level of functional capacity; and (b) persons with conditions that are expected to last at least 90 days or result in death within 12 months that, on the date that the Family Care benefit became available, were residents of nursing homes or had been receiving, for at least 60 days, certain public-funded long-term care services. Persons in either group must meet the financial eligibility criteria under Family Care and be a member of one of the three target groups under Family Care -- elderly, adults who are physically disabled and adults who are developmentally disabled.

[Act 16 Section: 1538]

6. FAMILY CARE -- ESTATE RECOVERY

Governor/Legislature: Provide that revenue from estate recoveries from MA-eligible Family Care recipients be credited to the estate recovery appropriation that receives other MA estate recoveries and funds MA benefit expenditures and payments to counties to fund county administrative costs of the estate recovery program. Authorize DHFS to expend funds from this appropriation to support care management organization (CMO) payments for persons eligible for MA.

Provide that revenue from estate recoveries from non-MA eligible Family Care recipients be credited to: (a) the appropriation currently funded by recoveries made for services provided under the community options program (COP), to fund county administrative costs for estate recovery; and (b) the appropriation currently funded by COP and Family Care estate recoveries that funds COP and Family Care CMO services.

[Act 16 Sections: 710, 711, 727 and 1532]

7. FAMILY CARE ELIGIBILITY

Governor/Legislature: Require a person who seeks a determination of functional eligibility for Family Care, under the current grandfathering provision, to have first applied for the Family Care benefit within 36 months after the date on which the Family Care benefit first became available in the person's county of residence. The grandfather provision allows someone who is not at either the comprehensive or intermediate level of functional capacity, but has a condition that is expected to last at least 90 days, or result in death within 12 months, to be eligible for Family Care if the person was receiving public-funded long-term care services for at

least 60 days under other long-term care programs, when the Family Care benefit first became available.

Further, make the following changes regarding Family Care eligibility for persons with developmental disabilities: (a) specify that a person with a developmental disability could be eligible for the Family Care benefit if the person is a resident of a county or is a member of a tribe or band that has operated a CMO before July 1, 2003, rather than July 1, 2001, as provided under current law; (b) clarify that persons with developmental disabilities must be 18 years of age or older to be eligible for Family Care; and (c) clarify that persons with developmental disabilities must meet the functional and financial eligibility standards of Family Care to be eligible for the Family Care benefit.

These changes would first apply to applications for Family Care that are made on the bill's general effect date.

[Act 16 Sections: 1534 thru 1537 and 9323(4)]

8. FAMILY CARE -- REFERRALS

Governor/Legislature: Include persons with developmental disabilities as one of the groups that are required to be referred to a resource center by an adult family home, residential care apartment complex or community-based residential facility for persons seeking admission to these facilities. Under current law, these facilities must make referrals for persons who are 65 years or older or who are physically disabled, if a resource center has been certified as available in that area. These facilities are subject to a forfeiture of up to $500 if a required referral is not made.

[Act 16 Section: 1878, 1886 and 1894]

9. PACE AND PARTNERSHIP PROGRAMS [LFB Paper 521]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR	- $5,392,600	$2,134,900	- $3,257,700
FED	- 7,616,700	0	- 7,616,700
Total	- $13,009,300	$2,134,900	- $10,874,400

Joint Finance: Delete $986,500 GPR and $1,405,100 FED in 2001-02 and $4,406,100 GPR and $6,211,600 FED in 2002-03 to increase funding for the program for all-inclusive care for the elderly (PACE) and the Wisconsin partnership program (WPP) by 8% in each year of the biennium, rather than 13.0% in 2001-02 and 22.8% in 2002-03, as recommended by the Governor as part of the MA base reestimate. The Governor's MA base reestimate would have provided an additional funding of $6,245,300 (all funds) in 2001-02 and $13,633,500 (all funds) in 2002-03

to fund projected growth in enrollment and anticipated increases in contract costs. The PACE and WPP programs provide both acute and long-term care to elderly and physically disabled persons who are eligible for nursing home care.

Senate: Provide $60,000 GPR in 2001-02 to provide start-up funds to establish a new WPP site in Racine County.

Conference Committee/Legislature: Adopt the Senate provision. In addition, increase MA benefits funding by $2,074,900 GPR in 2002-03 to restore funding that was inadvertently deleted in the substitute amendment for PACE and WPP.

[Act 16 Section: 9123(13k)]

10. COP -- TRANSFER OF MA FUNDS TO COP

Senate: Modify provisions relating to the potential transfer of MA funds to the COP appropriation as follows.

Conditions for Submitting a Proposal. Require DHFS to submit to the Joint Committee on Finance a report that provides information on the utilization of beds by MA recipients in nursing homes for the immediately prior two consecutive fiscal years. Delete the current requirement that the report include a discussion and detailed projection of the likely balances, expenditures, encumbrances and carry over of currently appropriated amounts in the MA appropriation. Require DHFS to submit a proposal to transfer funds if the report shows that utilization decreased during the most recently completed fiscal year from the utilization of beds by MA recipients in the next most recently completed fiscal year.

Under current law, DHFS is required to submit an annual report to the Committee that provides utilization information and is required to propose a transfer if the utilization of nursing home beds is less than the amounts projected during the Legislature's budget determinations.

Calculating the Amount of the Transfer. Require DHFS to multiply the difference between the number of days of care provided to the recipients in the facilities in each of those prior two consecutive fiscal years by the average daily costs of care in the facilities for the most recently completed fiscal year. Specify that the average daily costs of care would be calculated by dividing the total MA expenditures for care in facilities for the most recently completed fiscal year by the total number of days of care provided in facilities in that fiscal year.

Current law does not specify how the amount of the proposed transfer is calculated.

Review and Approval by the Joint Committee on Finance. Require that the proposed transfer of funds be submitted to the Joint Committee on Finance for review and approval. Specify that if the Co-Chairs of the Committee do not notify the DHFS Secretary within 14 working days after

the date on which DHFS submits the proposal that the Committee has scheduled a meeting for the purpose of reviewing the proposal, the Secretary must transfer the amount identified under the proposal. Delete the current provision that would prohibit a transfer if the transfer would reduce the balance in the MA appropriation below an amount necessary to ensure that the appropriation will end the current fiscal year or the current fiscal biennium with a positive balance.

Under current law, any proposed transfer by DHFS is not subject to review by the Joint Committee on Finance or any other body.

Allocation of Funds. Require that any funds transferred to the COP appropriation be allocated as follows: (a) 60% for services under the COP-waiver program (a program partially supported with federal MA matching funds); and (b) 40% for services provided under the state-funded COP program.

Effective Date. Specify that these changes would be effective beginning on September 1, 2002, and would apply annually thereafter.

Recently, the utilization of nursing home beds has been declining. The current MA base reestimate projects that the number of MA-supported patient days will decrease by 2% in 2001-02. If this projection is realized, these provisions would result in DHFS submitting a proposal to transfer approximately $8.5 million GPR from the MA benefits appropriation to fund COP and COP-W services in the 2002-03 fiscal year. However, since the MA base reestimate accounts for this projected decline in nursing home days, no surplus funding is provided in the substitute amendment that could support this transfer.

Conference Committee: Adopt the Senate provisions, except specify that DHFS would be required to submit the report by October 1, 2003, and annually thereafter.

Veto by Governor [C-11]: Delete provision.

[Act 16 Vetoed Sections: 1778d thru 1778r]